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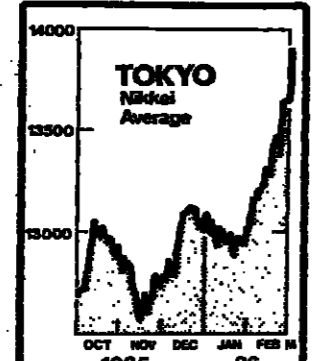
World news Business summary

Gorbachev Pickens to revitalises buy oil Soviet leadership group for \$800m

Soviet leader Mikhail Gorbachev consolidated his power within the Soviet Communist Party at the end of his 16-day congress by bringing back to Moscow Anatoly Dobrynin, for 24 years Soviet ambassador to Washington, and by appointing Lev Zaitkov, previously party leader in Leningrad, a new member of the Politburo.

Dobrynin has played a central role in formulating Soviet policy towards the US. His experience will complement the relative inexperience of Foreign Minister Eduard Shevardnadze.

Dobrynin becomes head of the party's international department in charge of relations with Communist parties and non-Communist left-wing parties not in power. Page 24



Palme hunt pictures
Swedish police released the first picture of the man suspected of murdering Prime Minister Olof Palme.

Spain 'against Nato'
A majority of Spaniards will vote against their country's remaining in Nato, according to the latest opinion polls before next Wednesday's referendum. Eight leading Spanish bankers said withdrawal from the alliance would have disastrous economic consequences. Page 3

US urges Ethiopia
US officials urged the Ethiopian Government to abandon a plan to resettle 1.5m Ethiopians. They said the programme was coercive and had already cost tens of thousands of lives.

Liberia lifts ban
Liberian President Samuel Doe lifted a ban on journalists, teachers and students' union imposed after an abortive coup in November.

Manager charged
Roland Haenens, manager of a US-Belgian petrochemicals plant in Antwerp, was charged with manslaughter after investigations into leaks from the plant that killed one worker and injured 12 others.

Haiti amnesty
Haiti declared a general amnesty after rioting in the National Prison in Port-au-Prince by inmates who started fires and smashed furnishings to protest at conditions. Ousted President Jean-Claude Duvalier is to leave his hotel in Tallieres, France, today for Nice. Page 6

Gulf attack
At least two seamen were killed and seven others wounded in a rocket attack in the Gulf that set fire to a Cypriot tanker carrying 27,000 tonnes of petrol.

Missing soldiers
Three Norwegian soldiers were still missing after being buried in an avalanche that killed 13 of their colleagues during Nato military exercises in northern Norway.

Mandela office blast
The offices of the Release Mandela Campaign in Johannesburg were destroyed by an explosion. Page 4

Terror ruling
A US Government panel recommended judicious use of force in fighting terrorism, but opposed random retaliation against countries harbouring terrorists. Page 4

Five die in attack
Five people died and 14 were hurt when gunmen tried to kill a moderate Sikh leader in Kapurthala, north India.

Lonely at the top
Alleged car-thief Fabio de Angelis, only prisoner in the jail in the mountain republic of San Marino, escaped.

European interest rates ease after Bundesbank lead

BY OUR FOREIGN AND FINANCIAL STAFF

THE WEST German Bundesbank yesterday led a round of cuts in official European interest rates with a 0.5-percentage-point reduction in its key discount rate to 3.5 per cent - its lowest level for seven years.

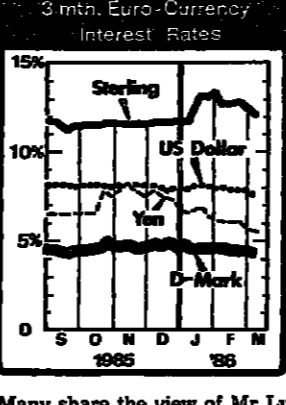
The Bank of France followed swiftly with a 0.25-point cut to establish an intervention rate at 8.25 per cent from today. The Dutch central bank matched the German reduction and fixed its official discount rate at 4.5 per cent, also from today.

Attention will switch to Tokyo this morning, where the Bank of Japan is expected to announce a 0.5-point reduction in the Japanese discount rate and to set it at 4 per cent from Monday.

Bank officials in Tokyo clearly signalled earlier in the week that a cut in German rates would be followed by Japan, in accordance with the Government's policy of stimulating domestic demand and curbing exports by keeping up the value of the yen.

Economists in the US were divided yesterday about whether the Federal Reserve Board would follow by lowering its discount rate from 7 1/2 per cent.

The Fed has been under intermittent pressure from within the Reagan Administration, and more persistent pressure from Capital Hill, to ease monetary policy



England that the fundamental arguments for current interest-rate levels have not been affected by the cut in European rates. Official resistance to lower bank base rates, however, now appears more muted.

London money-market rates fell yesterday, with one-month rates dropping to only 1/4 point above the base rate of 12.5 per cent.

In Parliament, Mrs Margaret Thatcher, the Prime Minister, once again rejected calls for the UK to join the exchange-rate mechanism of the European Monetary System. "One day when we think the time is appropriate we shall join the exchange-rate mechanism," she said. "We do not think it is appropriate now."

The dollar weakened yesterday despite the cut in German interest rates, as they had already been fully anticipated in the US currency's sharp rise on Wednesday. It closed in London at DM 2.2425, more than 2 pips below the previous day's close. Against the Japanese currency, the dollar also lost more than 1/2, closing at Y179.30.

Sterling lost 2 pips against the D-Mark in quiet trading, closing at DM 3.27. But it made up some

Continued on Page 24

London opens way for export of N. Sea gas

BY DOMINIC LAWSON IN LONDON

COMPANIES operating in the UK sector of the North Sea will be able to export their gas discoveries directly to the European mainland after the privatisation of the British Gas Corporation, the state-owned utility.

A move such as this has been fought for many years by the international oil industry, and, more recently, by the UK Treasury.

Until now, companies have been obliged to land any gas they produce in the UK. This has prevented them exporting profitably.

Yesterday Mr Peter Walker, the Energy Secretary, told the House of Commons: "The Government is prepared to consider applications for waivers of the landing requirement on a case by case basis.

"In doing this, it will take into account considerations relating to the security of the UK's gas supplies, without any presumption that exports should not take place in present circumstances."

The oil industry has argued that British Gas's position as a virtual monopoly buyer, if continued after its sale to the public, would give a private-sector company the ability to determine the rate at which North Sea gas would be depleted. Now the companies will be able, in principle, to find a market outside the UK, if British Gas chooses not to buy.

Mr David Walker, chief executive of Britoil, said yesterday the new policy would "encourage further exploration for gas in the North Sea. It is a recognition of the difficulties the producers have faced in planning their future activities with effectively only a single purchaser of the gas."

For many years the price paid to gas suppliers by continental European utilities has been markedly higher than that offered by British Gas.

The price in Europe is currently in the range \$3.80 to \$3.70 per million British thermal units (mbtu). Recent deals with British Gas are at around \$3.20 per mbtu. But the European contracts tend to be more

Japan to join US airliner plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE JAPANESE aerospace industry is to join Boeing of the US in the development of the 737 prop-fan 150-seater aircraft for service in 1992. It will take up to 25 per cent of total development cost, which may reach \$3bn.

An agreement to sign a memorandum of understanding was announced in Tokyo by Mr Kenkou Hasegawa, chairman of the Japan Aircraft Development Corporation (JADC), and Mr Frank Saroutz, president of Boeing Company, parent of Boeing Commercial Airplane, which is developing the 737.

It is seen as a big step forward for prop-fan development - the revolutionary type of propeller that can cut the fuel consumption of existing jet engines by up to 40 per cent.

A broad preliminary agreement for Japan to join Boeing in future aircraft programmes was initiated some time ago. But the pact now envisaged specially commits the Japanese aerospace industry to participation in full-scale financial design, development, production and marketing of the 737 prop-fan 150-seater aircraft on a risk-sharing basis.

The Japan Aircraft Development Corporation (JADC) represents leading aerospace companies in Japan including Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries. The JADC will be the overall system co-ordination and management agency for the 737 venture.

The possibility of bringing the Japanese fully into the venture has been envisaged by Boeing for some time - the "J" in 737 indicates Japanese involvement.

The Japanese industry has been a long-standing collaborator with the US aerospace industry. Many current Japanese aerospace programmes involve manufacture of US military and civil aircraft under licence.

The Boeing-Japanese deal is regarded as a significant confirmation of Boeing's determination to press ahead with the 737 in competition with the conventionally powered Airbus A-320, which is due to come into service in 1988-89.

The prop-fan is a development of the original turbo-propeller concept of harnessing a propeller to a gas-turbine engine. It is claimed that the prop-fans now under development will cut the world's leading aero-engine manufacturers will cut fuel consumption by between 25 and 40 per cent compared with existing types of jet engines.

A flight test programme of a prop-fan built by General Electric of the US is to start this year in conjunction with Boeing, designed to prove the overall concept. If it succeeds, Boeing will fully commit the 737 to production by midsummer 1987.

AA privatisation plan, Page 8

W. German workers protest against strike laws

By Rupert Cornwell in Bonn

TRADE unionists staged mass demonstrations and stoppages in West Germany yesterday, in the biggest protest so far against strike legislation planned by the centre-right coalition.

According to organisers' estimates 135,000 took part in rallies in North Rhine-Westphalia, the most industrialised German state, and a further 100,000 gathered in Hamburg. The unions claimed that 110,000 attended assemblies in 50 towns in the southern state of Bavaria.

However, neither the size of the turnout, which was disputed by police, nor warnings by union leaders that worse could follow, seems to have deterred the Government's determination to push the changes to existing strike legislation through the Bundestag as scheduled on March 21.

"The substance of our amendments will stay," Chancellor Helmut Kohl said here, although he conceded the Government's readiness to consider minor improvements in the text, which essentially curtails the right of workers laid off through strikes elsewhere to receive unemployment benefits from the state.

He accused IG-Metall, the engineering union, which is in the forefront of the campaign against the legislation, of demagoguery and "strident and rabble-rousing" language in its efforts to thwart the Government. He again denied that the modified law in any way constituted an attack on the unions' right to strike.

Neither Mr Kohl's trenchant attitude to the unions, nor his professed confidence that economic success would carry his administration through to victory in next January's federal election, could conceal his nervousness before the press yesterday, on the third anniversary of his election triumph in March 1983.

His brittle mood stems above all from the uncertainty surrounding the judicial investigation in his home state of Rhineland Palatinate into whether he led to a parliamentary committee investigating the Flick political payments affair.

The chancellor said he was facing the embarrassing inquiry "with great calm." But he refused, angrily at times, to be drawn into speculation on whether he would resign if the magistrates in the town of Koblenz decided to press charges.

This latest twist in the protracted Flick scandal was, it is widely believed, one reason why his Christian Democrat (CDU) party lost heavily in last weekend's local elections in Schleswig-Holstein.

Tin Council abandons rescue talks

BY STEFAN WAGSTYL IN LONDON

THE INTERNATIONAL Tin Council and its creditors yesterday abandoned attempts to negotiate a settlement of the four-month-old tin crisis.

A rescue plan put forward by banks and metal brokers, together owed hundreds of millions of pounds, failed at the last moment to win the support of all the ITC's 22 member governments. Just as the creditors had thought a deal was in sight, after weeks of talks and with most countries giving their backing, Indonesia yesterday morning stunned everyone involved by rejecting the plan.

The Tin Council said it could not accept the proposals without a unanimous agreement.

The crisis arose in October, when the Tin Council ran out of money running an inter-government price support pact between exporter and importer countries.

The rescue would have involved setting up a new company with funds from governments, banks and brokers, to take over the council's 80,000-tonne tin stockpile and sell it to meet its £200m (£1,305bn) debts.

The collapse of negotiations brought swift reaction in London. Mr Peter Graham, senior deputy chairman of Standard Chartered Bank and co-author of the rescue plan, said: "It's a great pity. It was a good plan and it would have worked. It's all over now."

HK Land marks revival with payout

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, one of the world's largest property development and investment groups, is to resume substantial dividend payments for the first time for three years, marking its recovery from Hong Kong's almost fatal property-market collapse in 1982.

The group will at the same time halve its strategic 25 per cent holding in Jardine Matheson, the trading house. The HK\$580m (US\$74.3m) deal will reduce Hongkong Land's net indebtedness to less than HK\$10bn for the first time for four years.

The moves, which surprised stock-market operators in Hong Kong, provide a significant boost to both Hongkong Land and to Jardine Matheson, the fortunes of which have been intertwined because of Jardine's 35 per cent stake in Hongkong Land.

After three years with no income from its Hongkong Land holding, Jardine can look forward this year to dividend revenue of about HK\$115m.

Jardine Securities, an offshoot of the trading company, is the buyer of 52m shares in its parent held by Hongkong Land. That reduces the risk that Jardine Matheson might be vulnerable to takeover. As long as Hongkong Land held a 25 per cent stake in Jardine, a takeover of Land would at the same time have given the successful predator effective control of Jardine.

Hongkong Land yesterday announced a total dividend for 1985 of 15 cents per ordinary share, compared with a nominal 1 cent payment for each of the past three years. That will cost the company HK\$325m.

HELLERUP SCANDINAVIAN FUND LIMITED

The Board of Directors (left to right) - seated: J.K. Eiberg; E. Brandt (Chairman); K.F.K. Larsson; standing: P.L. Gunning; G.R.J. Aitken (Managing Director); A.O.V. Grundberg

1st Annual Report and Accounts

covering the period 24th April to 31st December 1985

Highlights	
Capital Appreciation	£180,765
Net Assets	£1,845,014
Net Revenue and Dividend	0.65p per share
most of the companies in the portfolio declare their dividends after the Fund's year end	
Offer Price per share	At launch 100p At 31st December 114.9p

The Fund has made a promising start and is well placed to take advantage of the investment opportunities which are anticipated in the Nordic countries in 1986.

G.R.J. Aitken, Managing Director

The Fund is quoted daily in the Financial Times under the heading "Offshore and Overseas"

Please send me The Hellerup Scandinavian Fund Prospectus, Accounts and Application Form

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To: G.R.J. Aitken, Managing Director, Hellerup Bank Trust Corporation (I.O.M.) Ltd. Tyndall House, Kensington Road, Douglas, Isle of Man. (Tel: 0624-24111)

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EUROPEAN NEWS

Soviet party congress exposes divisions on how to tackle the economy

BY PATRICK COCKBURN IN MOSCOW

ALMOST EXACTLY a year after he became Soviet leader, Mr Mikhail Gorbachev ended the 27th Communist party congress yesterday secure in the knowledge that he has placed men of whom he approves in most key positions in party and state.

MR ANATOLY DOBRYNIN, the veteran Soviet envoy to the US, who was appointed yesterday one of the powerful secretaries to the central committee, will return to Moscow to play an even more important role in Soviet foreign policy than he has in his past 25 years in Washington.

time servers with a party ticket? In what was by far the harshest attack heard at the congress on the way in which the party has organised itself in the past, Mr Yeltsin said that nobody should be above criticism, and he denounced the "infallibility" of the old leadership.

Mr Gorbachev's own economic prescription in his five-and-a-half-hour opening address was radical: flexible prices, a reduction in central control, greater incentives, cost effectiveness, and efficiency.

This was somewhat in contrast to the presentation of the 1986-90 five-year plan and the economic guidelines for the next 15 years in a speech by Mr Nikolai Ryzhkov, the Prime Minister. Here, there was less emphasis on radical change and more on simply clearing up the mistakes of the past, re-equipping existing plants and introducing high technology.

MR LEV ZAIKOV (62) is now in effect third in the Kremlin pecking order because, with his promotion yesterday to full politburo membership, he is one of only three men who combine that rank with the job of central committee secretary.

Romanov, whom he succeeded first as Leningrad regional party leader in 1983 and then as central committee secretary last summer, gave Mr Zaikov his big break. He appeared to have impressed Mr Gorbachev last May when the latter visited Leningrad, the second largest Soviet city and an important military-industrial centre.

Officials are also chary of revealing what will happen to prices. Despite the promise of financial independence for enterprises in future — each with its own development fund — the present artificial pricing system ensures that efficient plants may be unprofitable and inefficient ones show profits.

France's young right-wing politicians spot the main chance

David Housego in Paris profiles four youthful contenders for top jobs after the election

WHO WILL be the ministers in France's first right wing Administration to take office under a Socialist President. Cabinet making has become a favourite conversational topic of politicians on the right, and one thing is sure.



for a senior economic or industrial post. His belief that there will be no slipping back to the interventionist practices that characterised both Mr Chirac's and Mr Giscard's administrations is in part based on the idea that a younger generation of politicians who have not been stamped by France's post-war planning experience will be in power.

General de Gaulle's values of consensus and social harmony. He claims credit for helping to tone down the Opposition's programme over such sensitive issues as social security, the minimum wage and trade union powers. He describes as "the greatest madness" the opposition's commitment to abolishing the wealth tax, believing that this has enabled the Socialists to gain the manifesto as a programme of the rich.

Edmond Alphandery, 42, used to be thought as a possible Minister of the Budget, as one way of evolving the supporters of Mr Raymond Barre, the former Prime Minister in the Government. Mr Alphandery, who comes from the centrist wing of the UDF, discounts this because like Mr Barre he believes that government and a Socialist President will prove unworkable.

He thinks that time is needed to carry out economic reforms and that a right-wing Administration after the elections is likely to lurch from crisis to crisis. Unlike Mr Barre, he feels however that he could not refuse it a vote of confidence in the National Assembly.

His priorities in terms of economic management are increasing domestic savings and reducing the budget deficit. He believes however that devaluation must be spread over a long period.

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HITACHI RESEARCH advertisement featuring a large graphic of a man's face with scientific symbols (SiO2, Al2O3, ZrO2) and various technological icons like a satellite, microscope, and computer. Text describes Hitachi's research in electronics, biotechnology, and materials science, highlighting their commitment to innovation and progress.

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EUROPEAN NEWS

Picture of Palme suspect released

SWEDISH POLICE yesterday released an indistinct "Identikit" composite photograph of a man suspected of assassinating Prime Minister Olof Palme which led to several mistaken arrests, writes David Brown in Stockholm.

The photograph has been distributed throughout Sweden.

A brief period of suspense followed the arrest of two Yugoslavs by Danish police in Helsingør on the request of the Swedish authorities after they made the short ferry crossing from Helsingør in the early afternoon. After two hours of intense questioning by Danish and Swedish police, it appeared likely they would be released, the authorities said.

The photo-composite is based on the evidence of a 22-year-old woman artist who saw a man running on the suspected escape route around the time of the murder.

French anger over killing of hostage

The French Government seemed likely to bear the brunt of some of the indignation felt in France yesterday at the alleged killing of one of the four French hostages held for a year in Lebanon, writes David Brown in Paris.

The execution of Mr Michel Serrati, a researcher, has been claimed by the extremist group Jihad Islam. The French Government was yesterday treating the claim seriously but unable to confirm it. The killing seems to have been in retaliation for the handing over by France of two Islamic hostages to the regime in Baghdad. One at least of them is said to have been executed on arrival.

Pollution curbs

EEC environment ministers, in a measure to reduce water pollution, have classified two pesticides, DDT and pentachlorophenol, and one industrial solvent, carbon tetrachloride, as very dangerous substances and put strict limits on their discharge, writes Paul Cheswright in Brussels.

Danish wine taxes

The European Court has ordered Denmark to unify its taxes on grape and fruit-based wines, AP reports from Luxembourg. It was illegal and discriminatory to charge different taxes on what it considered the same product to protect the local market.

W. German production

West German industrial production, seasonally adjusted, rose by a provisional 2.4 per cent in January after falling by a revised 3.4 per cent in December, according to the Economics Ministry, Reuters reports from Bonn.

The production index, base 1980, rose to a provisional 104.5 in January from 102.1 in December. In November it stood at 106.1. Production was 4.2 per cent higher than in January last year when the index stood at 100.2.

Polish accusation

Poland's Food and Farming Ministry has accused the Government planning commission of disregarding top level investment directives by failing to satisfy the food sector's capital needs in the second half of the decade, writes Christopher Bohinski in Warsaw.

The various ministries are currently bidding for funds in the 1986-1990 plan which is being drafted for approval by a party congress in June.

Greek oil talks

The European Community has suspended moves to take Athens to court for not liberalising its oil monopoly and asked for talks on the issue, writes Energy Minister Eleftherios Vervakis said yesterday, Reuters reports.

Romanian energy crisis hits restaurants

BY LESLIE COLITT IN BUCHAREST

ROMANIA, in a further move to deal with a worsening energy crisis, has ordered restaurants throughout the country to close at 6pm daily.

Both Romania and Bulgaria are faced with a serious energy shortage. Hydro-electric stations have been shut down by a two-year drought, and maintenance was poor in coal-powered generating plants.

A front-page article on Wednesday in the main Communist Party newspaper, *Schiteia*, said all thermal power stations were operating at maximum capacity in line with instructions from President Nicolae Ceausescu, the Romanian leader.

Previously, several coal-fired power plants were criticised for operating at low levels because of malfunctions.

Daily power cuts take place in Bucharest and some other cities from 8.30 am to 11 am and in the evening. Television operates only two hours daily to conserve electricity. Gas pressure is reduced at prime consumption times making it difficult for Romanians to cook.

Commission call to double R & D spending

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission has drawn up plans to double spending on EEC research programmes over the next five years, with a new bid for Ecu 9bn (£8bn) in cash from the 12 member states.

Broad outlines were presented yesterday by Mr Karl Heinz Narjes, the commissioner responsible for industry, science and research, with a strong plea for member states to back the EEC as the best vehicle for promotion of European research.

The new framework programme, still in outline form, would cover the five years from 1987 to 1991, in comparison with the present four-year Ecu 3.75bn programme running from 1984 to 1987.

Top priorities in the research and development to be financed would be enhancing European industrial competitiveness in such areas as information technology, telecommunications, biotechnology and marine technology. These areas would absorb 60 per cent of the total, compared with 28 per cent in the present programme, Mr Narjes said.

Energy programmes, including nuclear energy and alternative energy sources, would receive decreased

emphasis, coming down from 47 per cent to 21 per cent of the allocated funds.

Mr Narjes insisted that they would be complementary to the European governments' plans for a major research effort through the Eureka programme, outside the Community framework.

"We are open towards concrete Eureka projects and we are ready to collaborate," he said. He stressed the need for any effort to promote new technologies to be co-ordinated with the removal of barriers to the single internal market in the Community.

The big increase in funds sought by the Commission for its own present and future projects, like the *Esprit* programme for information technology, the *Race* programme on broadband telecommunications, and the *Brite* programme on basic industrial research, seems certain to be greeted with scepticism by several member states.

Their growing conviction, expressed in the Eureka debate, has been to promote research by creating a favourable industrial climate, rather than by proposing large centrally-funded schemes.

GOVERNMENT HEADING FOR DEFEAT IN REFERENDUM

Polls suggest Spain will vote to quit Nato

BY DAVID WHITE IN MADRID

A MAJORITY of Spaniards intend to vote "no" in next Wednesday's Nato referendum, according to several independent polls published yesterday. They showed the Government trailing by a margin of at least 6 per cent of the vote in its bid to obtain support for remaining in the alliance.

The only indication of a possible pro-Nato victory came in a survey conducted by the Government's own sociological research centre (CIS) which gave the "yes" vote a one-point lead.

Four newspaper polls, the last which can be published legally before the ballot, coincided in giving a "no" majority but by widely divergent margins. The leading Madrid daily, *El Pais*, showed a slight last-minute swing back in favour of the anti-Nato vote. Of those who intended to participate in the ballot, it found that 53 and 56 per cent said they would vote "no" against 40-46 per cent voting "yes," with 2-4 per cent blank votes.

According to the poll, 30-35 per cent of the electorate would

abstain, as they are being called on to do by the right-wing opposition party, *Alianza Popular*.

Another Madrid daily, *Diario 16*, gave "no" 51 per cent of the actual vote, against 45 per cent "yes." But it found that as many as 41 per cent were either still undecided or were bent on abstaining. Among the supporters of *Alianza Popular* who said they would vote, 60 per cent intended to vote "no." The Barcelona newspapers *La Vanguardia* and *El Periodico*

also showed the outcome going against membership.

Spain's top bankers, meanwhile, have divorced themselves from *Alianza Popular's* pro-abstention policy by coming down firmly on the side of a "yes" vote. The chairman of the eight leading banks, who include Mr Miguel Boyer, former Socialist Finance Minister now at the head of Banco Exterior, warned that "a result other than 'yes' would have incalculable effects on the country's economic prospects."

Statoil chief rejects oil market carve-up

BY FAY GJETER IN STAVANGER

NORWAY'S SHARE of the world oil and gas market should depend solely on the country's output level, Mr Arve Jonsen, managing director of Statoil, the national oil company, said here yesterday.

At a news conference to present Statoil's 1985 results, Mr Jonsen said he strongly opposed the concept of an internationally agreed market share—

which in any case would be impossible to achieve—or to any cut in Norwegian production aimed at helping prop up prices.

be up to us," Mr Jonsen declared. "Our goal must be to squeeze the last possible penny of income out of our operations." Statoil handled more than 16m tonnes of Norwegian crude oil last year—its own output, plus the state's royalty oil. It expects this amount to almost double by 1990 to 30m tonnes a year.

The group achieved record sales and profits in 1985 when it obtained prices for its crude averaging \$26-\$27 a barrel, and when the dollar exchange rate averaged Nkr 8.60 Mr Jonsen was unwilling to forecast 1986

results, in the light of current market trends, and said it was "pointless" to guess how crude prices and the US dollar would move—"We can only wait and see," he said.

Statoil would step up efforts to increase cost efficiency but he did not foresee any drastic cuts in its exploration programme, such as some US oil companies are reportedly planning. "That would be like a farmer eating his seed potatoes."

Statoil announced yesterday that it was co-operating with the Norwegian state power company NVE in a project study

of a gas-fired power plant, which would be Norway's first. At present, virtually all the country's electricity supplies come from hydropower. Indications were, the company said, that Norway would need thermal power plants as a supplement to hydro-electricity by the early or mid 1990s. A plant burning associated gas from one of the oil fields off central Norway could well be an economic proposition, since in that part of the country there would be no alternative market for the gas.

Statoil results, Page 26

Sweden's current account back in red

By Kevin Done, Nordic Correspondent in Stockholm

SWEDEN PLUNGED back into heavy deficit on the current account last year, a serious deterioration from 1984 when it achieved its first surplus since 1973. Preliminary figures from the central bank show a Skr 9bn (£870m) deficit, against a Skr 2.8bn surplus the year before.

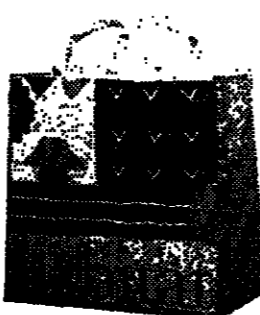
The deficit was built up in the first half, however, and the current account was in balance in the second half. Recent forecasts suggest it could return to a small surplus this year helped by falling oil prices and the weaker US dollar.

The chief reason for last year's plunge was Sweden's weaker trading performance. The trade surplus declined to Skr 15bn from Skr 23.2bn in 1984. The main drain on the current account was interest payments of Skr 20.8bn to service the country's foreign debt.

The trade balance deteriorated mainly because of a much higher level of imports, which could not be compensated for by the 3 per cent increase in the volume of exports. Sweden's export-led recovery which fuelled strong economic growth in 1983 and 1984 slowed last year. Export volumes grew by 12 per cent in 1983, 8 per cent in 1984 and 3 per cent in 1985.

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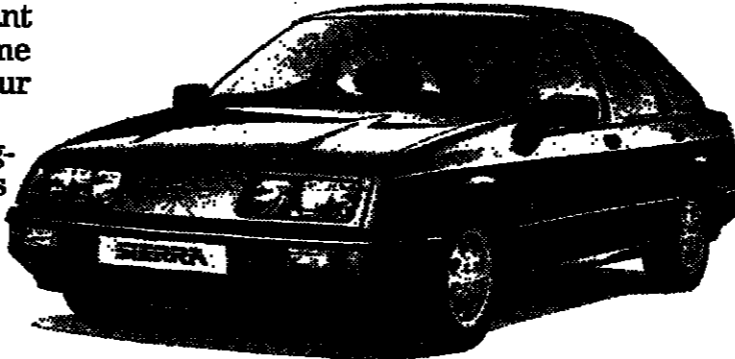
You may have to change all your programs. Retrain your staff. Or discard valuable equipment which isn't compatible. Even if you stay with the same computer supplier.

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times without any conversion or reprogramming. Leaving you free to concentrate on something more valuable - your business.

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A recent independent survey in Computerworld revealed some remarkable results.

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own independent processor and memory. So, unlike with a personal computer, people

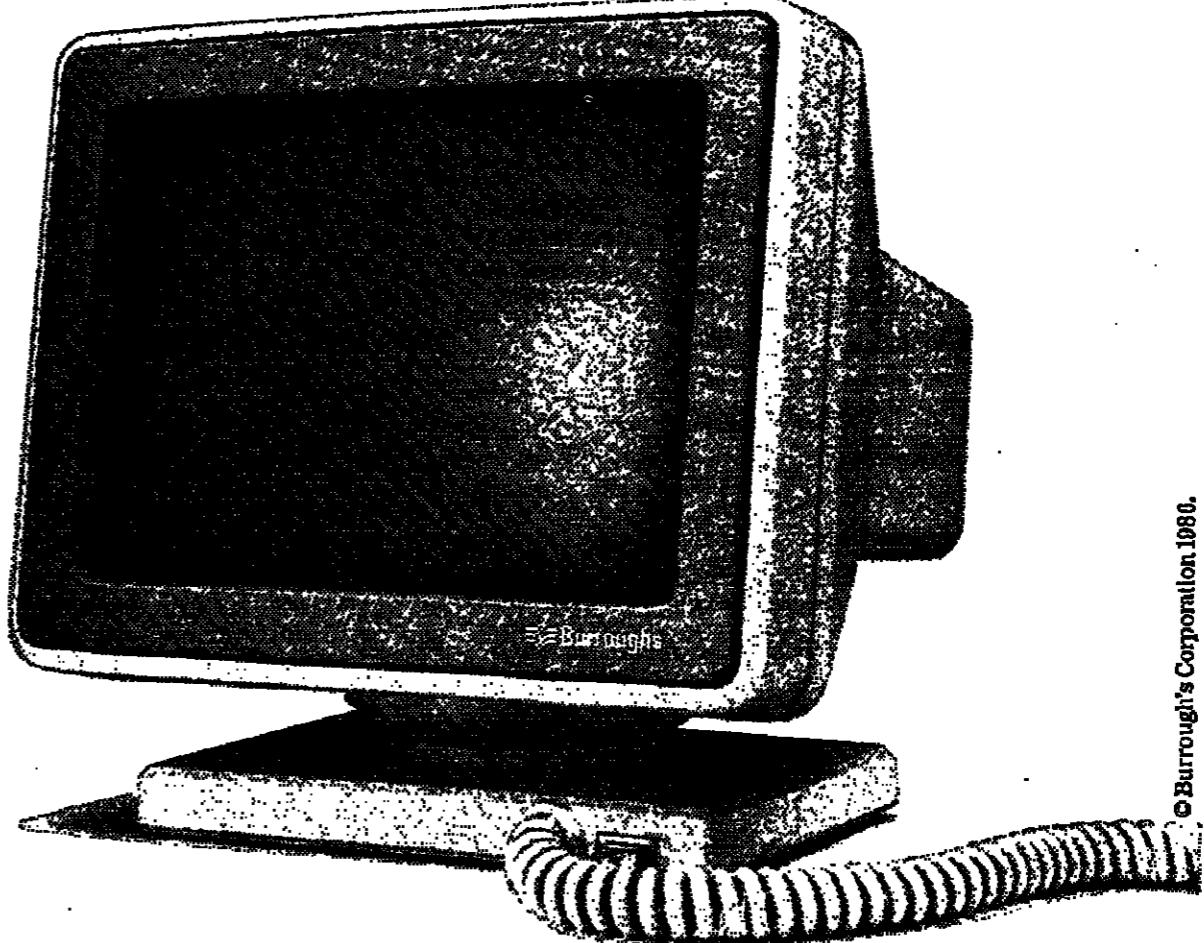
can work the way they need to work. Sharing information and ideas. As well as resources such as disk printers and communications links. This month we're complementing the existing B-20 Series range with a new member called the B-28.

Naturally, it's compatible with all the other work stations in the range, but it offers twice the power. So users will be even more effective in their daily work. Combining data processing applications with office automation solutions.

How to double productivity. In fact, a recent European survey by Heliview found that people were twice as productive at writing programs on Burroughs' systems as they were on IBM's.

All in all, whichever Burroughs system you choose for your business you'll have something in common with the companies shown here. Outstanding productivity. For more information call Brian Reynolds on 01-750 1420 or write to Burroughs Machines Limited, Heathrow Hse., Bath Rd., Hounslow, TW5 9QL.

But the way they save it doesn't.




Burroughs

OVERSEAS NEWS

Philippines to receive more US aid, Aquino told by congressman

THE US CONGRESS is sending a clear signal to the government of President Corason Aquino of its readiness to provide increased economic and military aid to the Philippines which had been denied to the regime of deposed President Ferdinand Marcos.

A change of view by President Chun has alarmed the Opposition, reports Steven B. Butler Constitutional haze clouds S Korean politics

PRESIDENT Chun Doo-hwan has succeeded in shrouding South Korea's political future in a thick haze of uncertainty.



Mr Chun: likes being President

His revised position begs the question why Korea should go through the motions of electing a lame-duck president simply to preserve the integrity of a constitution that apparently needs to be rewritten

repeatedly stressed the historic importance of achieving Korea's first peaceful, constitutional transfer of Presidential power in 1988. He has refused to consider the Opposition's demands for constitutional revision before 1988, he says, in order to establish a tradition of respect for constitutional order, something he regards as far more important than hasty democratic reforms.

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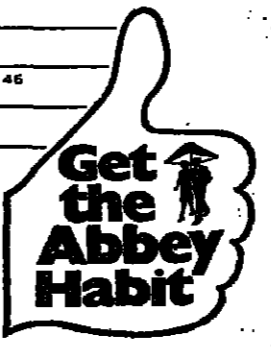
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Singapore job loss worse than predicted

A TOTAL of 96,000 jobs were lost in Singapore in 1985 as the island state's economy contracted by 1.8 per cent, the Government's annual economic survey reported yesterday.

Free Mandela offices gutted

THE OFFICES of a group campaigning for the release of Nelson Mandela, the jailed black leader, were gutted yesterday and a spokesman for the group accused South African authorities of planting a bomb.

Israeli coalition at risk over company aid policy

THE Labour Party and the Likud bloc-coalition partners in the national unity Government—are likely to clash over Labour's determination to help ailing companies and restore economic growth.

For further information see Prestel page 404. ABBEY NATIONAL BUILDING SOCIETY, ABBEY HOUSE, BAKER STREET, LONDON NW1 6XL.

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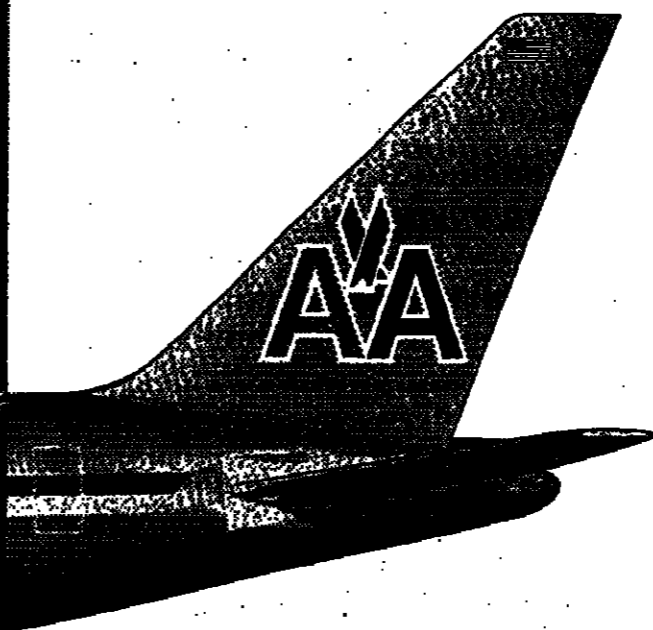
And starting in May, we'll be flying direct to Chicago every day from Manchester (May 1st), Paris (May 2nd) and Munich and Dusseldorf (May 16th).

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**American Airlines.
The American Airline.**

UK NEWS

State airline fears delay in privatisation schedule

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A PLEA for the Government to press ahead without further delay with the privatisation of British Airways (BA) this summer was made yesterday by Lord King, chairman, to a private meeting of more than 140 Conservative MPs.

Arguing that BA's place was rightly in the private sector, Lord King said that privatisation would be one of the most significant sales in the whole government programme of rolling back the frontiers of the state. It would show the success of that philosophy to the world.

Lord King met the MPs because BA fears that the Government could be on the verge of delaying privatisation of the airline, in favour of other candidates such as British Gas.

Some sectors of the airline industry believe that there could be further US litigation in the wake of the

Laker collapse. This would add to BA's difficulties, although the airline has said that it believes such fears are groundless.

It has an agreement with the US Department of Justice over the Laker claim of conspiracy to drive that airline out of business, and has agreed a settlement of \$30m for further claimants seeking damages for loss of North Atlantic cheap fares.

Outstanding are legal actions by a Los Angeles travel agent and a claim by Laker employees for compensation. These, BA believes, can be settled reasonably soon by lawyers for the parties, and do not justify further delay in privatisation.

One concern to BA is that it has been denied by the Treasury, pending privatisation, the right to go ahead with fleet re-equipment plans, costing well over £2bn, especially for a new fleet of 20 Boeing

747-400 long-range Jumbo jets to replace existing ageing aircraft.

At some stage it will also need a new short-to-medium range airliner, such as the Airbus A-320, or even perhaps the Boeing 737 propfan.

BA fears that if privatisation is further delayed, and with it the right to settle its own re-equipment situation, it will, in Lord King's words, become "a second-rate world airline".

He told the MPs that the present Government had interfered with the airline less than many of its predecessors but BA now needed quickly to become a free operator.

Lord King added that in the private sector, BA would be able to react quickly to its market, and to maintain and improve its position against the 140 airlines which already competed against it.

Hugh Carney assesses Dublin's view of Unionist hostility to the Anglo-Irish accord Republic unlikely to make concessions

DUBLIN reaction to the confused and violent turn of events in Northern Ireland in the past two weeks over Unionist opposition to the Anglo-Irish accord can be summed up in the words of one official involved in dealings with London who said: "The only way forward is to continue working this agreement."

Publicly at least, the Irish Government has been reduced almost to the role of observer as the battle of wills between the Unionists and the British Government has become the focus, in contrast to the early days when Dublin made much of the running in the inter-governmental conference.

In the present phase, it has pronounced itself pleased with the way Mrs Margaret Thatcher, the Prime Minister, has dealt with the situation and concentrated on reaffirming its message that the Dublin door remains open to the loyalist community, which Irish ministers insist, has been badly misled by Mr James Molyneux and the Rev Ian

NORTHERN IRELAND'S Democratic Unionist Party yesterday made public a tape-recording which it claimed showed the opposition of the mainly Protestant Royal Ulster Constabulary (RUC) to the Anglo-Irish agreement. The Rev Ivan Foster, a member of the Northern Ireland Assembly, said the tape was made secretly at a recent meeting of the Police Federation, the union representing rank-and-file police officers. One Federation member received loud applause when he suggested that the agreement should be scrapped, while another criticised the Chief Constable, Sir John Hermon, for his "collaboration" with a system which made the RUC "a political puppet in the eyes of the people of this country". The RUC said that it had no knowledge of the matter.

Paisley, the two main Unionist party leaders.

Undoubtedly, ministers and officials in Dublin have been disappointed by the sustained intensity of Unionist opposition since the agreement was signed last November by Mrs Thatcher and Dr Garret Fitzgerald, the Irish Prime Minister. They expected initial rejection but counted on significant numbers of moderate Unionists being willing to work within the framework it created.

Yet the picture is not regarded as totally bleak. Levels of violence by paramilitaries on both sides of the

divide in Northern Ireland might have been worse and might have spilled over into the republic. Violence on Monday's day of action was seen as serious, but there was relief that there were no fatalities.

Some slight encouragement is also taken from the fact that, although Unionist leaders remain vehemently hostile to the agreement, the ground has shifted somewhat with expressions of willingness to negotiate power-sharing and some role for Dublin if the agreement was set aside.

According to one Irish pre-agreement assessment, progress on

persuading the Unionists to join talks on devolution could not be expected for at least a year. So when Mr Molyneux and Mr Paisley came out of their meeting on February 25 with Mrs Thatcher and initially signalled they might go in this direction, Irish hopes leapt.

The hopes were mingled with disbelief, however, and the latter was borne out by the swift about-turn when the men returned to Belfast the same night.

The Irish Government feels it cannot risk embracing any Unionist figure who could not deliver support on the ground in the north, so

it waits to see whether any Unionist can successfully steer a course away from the hardliners and who that figure may be.

In the meantime, although government spokesmen insist they have some contact with Unionists, it seems they rely chiefly on television, radio and newspapers, especially the loyalist Ulster Newsletter, to gauge what Unionist people are thinking.

There are hopes that an influential moderate stream of Unionism may still be tapped before the "hard men" take over. The reaction of Mr Molyneux and others to the ugly scenes and intimidation of Monday's strike fuels these hopes.

There is little inclination in Dublin to make concessions on the agreement.

The republic treasures the gains which it feels have been made through the Anglo-Irish conference for and within the nationalist community.

BARCLAYS 1985

The Chairman, Sir Timothy Bevan, said today:

I am very pleased to report record pre-tax profits of £854m - £231m higher than in 1984. Combined with our 1985 rights issue, these profits reinforce the capital base we need to meet the increasingly vigorous competition in financial services both in the UK and in the international markets. These results will also enable us to increase total dividends for the year by 14% to 18.60p.

In the UK all major operations, the clearing bank in particular, increased their profits. Overseas we achieved encouraging results in a number of areas, notably Barclays American Corporation.

The integration of the UK and international

banks from the beginning of 1985 has helped to improve the overall profit performance.

Among initiatives taken to enhance the quality and range of services to customers are a major drive on service in the clearing bank, the creation of a Financial Services Division to bring together our trustee, insurance and unit trust operations, and further investment in Barclays de Zoete Wedd, soon to become our new domestic and international securities and investment group.

Timothy Bevan
Sir Timothy Bevan, Chairman of Barclays PLC 6th March 1986

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1985

The Directors of Barclays PLC report the following Group results for the year ended 31st December 1985:		
	1985 £m	1984 £m (adjusted)
Operating profit	780	511
Share of profit of associated companies	74	112
Profit before taxation and extraordinary items	854	623
Taxation	405	328
Profit after taxation	449	295
Profit attributable to minority interests in subsidiary companies	2	4
	447	291
Extraordinary items:		
Special provisions for deferred taxation	-	(543)
Transfer from reserves	-	543
	-	-
Other items	3	7
	3	7
Profit attributable to members of Barclays PLC	450	298
Dividends:		
Interim	58	43
Second interim	70	46
	128	89
Profit retained	322	209
Earnings per £1 Ordinary stock	69.5p	53.4p
Dividends per £1 Ordinary stock	18.60p	16.35p

The information in this announcement does not comprise full accounts within the meaning of Section 254 of the Companies Act 1985. Full accounts, including current cost information and containing an unqualified audit report, will be published on 27 March 1986; copies will be delivered to the Registrar of Companies in accordance with Section 241 of the Companies Act 1985.



Government plans widespread overhaul of the criminal justice system

Robin Panley looks at proposals that could lead to fundamental change in the nature of British criminal law



Mr Douglas Hurd



Mr Leon Brittan

AN ENORMOUS bill, controversial in many parts, will be introduced in the House of Commons in the autumn to make major changes to the criminal justice system including sentencing, youth custody, the jury system, extradition and reparation to the victims of crime.

The Government published a White Paper (policy document), detailing its plans yesterday together with two discussion papers on some of the more controversial proposals - removing some offences from the category in which the defendant has the right to elect for trial by jury and changes in the arrangements for young offenders sentenced to terms in custody.

Mr Douglas Hurd, Home Secretary, inherited many of the proposals from his predecessor, Mr Leon Brittan, although the proposals on juries and extradition have been developed since he took over. The bill is also likely to contain clauses changing the rules governing the anonymity of rape case defendants, although this is not covered in the White Paper.

Sentencing and powers of the court: The paper proposes an increase from 14 years to life imprisonment as the penalty for carrying firearms in the furtherance of crime. This change is a result of Tory Party conference clamour for stiffer penalties and is more cosmetic than most of the other changes, as there is not likely to be much difference in actual time served in jail under an average life sentence and a 12 or 14-year sentence.

Ten years after the Salmon Commission reported on the standards of conduct in public life, one of its key recommendations is to be implemented. The maximum sentence of two years in prison will be raised to seven years for offences of corruption such as bribes of gifts and loans.

The Government also intends to introduce the maximum fines which can be imposed by magistrates for summary offences. It is also anxious to respond to public concern about the occasional seemingly lenient sentences. This is in spite of the rejection by the House of Lords during the passage of the Prosecution of Offences Bill of a proposal to allow the Attorney General to refer apparently over-lenient Crown Court sentences to the Court of Appeal for opinion.

The preferred solution is to publish the Court of Appeal's sentencing judgements in a much more coherent and accessible form by a statutorily constituted Judicial Studies Board, although Mr Hurd is inviting further comments.

Radical changes in sentencing options such as semi-custodial sen-

ences for weekends, nights, or part of the day have been considered as options to full custody, but are not to be pursued, mainly because of the heavy costs involved.

A source of controversy is to be removed with the abolition of a power introduced in 1980 allowing magistrates to order people to be detained for up to four days in police cells. The White Paper says that this practice involves "unsuitable" accommodation - in some areas there are no police cells certified for detention under the power - and inappropriate personnel. It says the police should prevent and investigate crime and not be used as an agency for carrying out court sentences.

Home Office ministers have been surprised at the lack of controversy over proposals in the Drug Trafficking Offences Bill under which the assets derived from major drug dealing can be confiscated. So they intend to apply the same general principles to some other crimes such as organised crime or very serious fraud. They are inviting comments on the extent to which the plans for drug trafficking might be extended to other crimes.

At the same time, the powers of courts to order the forfeiture of property used in connection with crime will be widened to cover all offences, property lawfully seized at any time and to goods of which possession is itself an offence.

Victims of crime: Wider powers are to be introduced to force offenders to pay compensation to their victims. Courts will be required to give reasons for not awarding com-

penation for injury, loss or damage. Restrictions preventing compensation orders to dependants and relatives in fatal cases will be relaxed, as will the limits on orders in traffic accident cases.

One way of ensuring payment in some cases will be to allow the money raised by selling forfeited property to be used to compensate the victims of the crime in question. The Criminal Injuries Compensation Scheme, which makes payments to victims of violent crime, is to be put on a statutory basis, conferring on eligible applicants a definite right to compensation.

Procedural changes: The most controversial aspect concerns the jury system. The Government is anxious about the peremptory challenge system which allows defence counsel to remove up to three potential jurors from the box for each defendant on trial.

This really concerns multi-defendant cases where each defendant's right to remove three jurors can mean the entire first jury being replaced.

Mr Hurd is inviting comments on three options: complete abolition of the peremptory challenge, a reduction in the number of peremptory challenges allowed from three to two or one, or a special limit in multi-defendant cases.

In any case, the right of challenge for cause (where either the prosecution or defence challenges a juror and explains the reasons after which the judge makes a public decision) remains unaltered.

Until 1977 a defendant had the right to challenge seven jurors but

this dated from the days when unanimous verdicts were mandatory. Now, majority verdicts of at least 10-2 are allowed and the Government's anxiety is that, as there is the minimum number needed to prevent a majority verdict, more and more defendants are using the peremptory challenge in the hope of replacing people who "look" likely to be unsympathetic.

The new bill will include many of the recommendations made in the Roskill report on fraud trials, but it has not yet been decided whether or not to replace the jury in complex fraud trials with an expert tribunal.

Comments are also sought on the idea of raising the upper age limit of potential jurors from 65 to 70 on the basis that they would be eligible for jury service but not compelled to serve. This would bring another 2m people within the scope of jury service.

The Government is still struggling with the problem of enforcing fines but has decided against implementing the provision in the Criminal Justice Act 1973 which allows community service to be ordered in the case of a fine default.

With a note of exhaustion of ideas, the White Paper says: "The Government would, however, welcome any further suggestions either on this proposal or on other ways in which the problems associated with fine default might be tackled."

Extradition: Mr Hurd is discovering, like other recent Home Secretaries, that the essentially domestic role of the Home Office is becoming rapidly internationalised, particularly in respect of drug trafficking, terrorism and extradition.

Britain's Extradition Act dates from 1870 and the Government's proposals for reform to make it easier for foreign countries to extradite both foreign and British nationals from Britain are likely to be fiercely contested.

The key proposal is to abolish the requirement that the state requesting extradition must establish in British courts a *prima facie* case against the "fugitive," according to English rules of evidence. This means a magistrate has to be convinced that the evidence produced would have justified the fugitive being committed for trial if the offence had been committed in the UK.

The Government feels this is a formidable impediment to extradition. It says abolition of the rule will not diminish the rights of the fugitive who will still be protected by the political safeguard, the double criminality rule and the Home Secretary's overriding discretion to prevent extradition.

Leading Article, Page 22

Aztec West is Bristol's unique and extremely impressive landscaped business park covering almost 125 acres, just half a mile from the M4/M5 interchange.

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UK NEWS

Britain has surplus for sixth consecutive year

BY GEORGE GRAHAM

BRITAIN recorded its sixth consecutive year of trading surplus in 1985. The Government announced yesterday a surplus of £900m in the last three months of the year...

an increase in the total current account balance in 1985 to £4bn, but the surplus on trade in oil this year is expected to be less than his £3bn prediction as a result of lower oil prices.

The UK deficit on transfers of funds - including payments to and from the EEC, remittances from migrant workers and gifts - increased to £3.6bn. Disputes over the 1984 EEC budget meant that payments to the Community for both 1984 and 1985 were made last year...

Thatcher rejects full EMS entry calls

By Ivor Owen

STERLING'S special status, which distinguishes it from other European currencies, was again strongly emphasised by Mrs Margaret Thatcher, the UK Prime Minister, in the House of Commons yesterday when she rejected renewed calls for Britain's immediate entry into the exchange rate mechanism of the European Monetary System.

POOR FEBRUARY PERFORMANCE BLAMED ON TAKEOVER DISCLOSURES

Austin Rover market share falls

BY KENNETH GOODING AND JOHN GRIFFITHS

AUSTIN ROVER'S UK market share fell to 15.79 per cent in February, over 3 per cent behind Vauxhall, the GM subsidiary. The company, the volume cars subsidiary of state-owned BL, yesterday blamed its poor performance directly on the uncertainties created over its future by the takeover...

than 2 per cent down on the 18.29 per cent achieved in the same month last year, and to have fallen behind that of Vauxhall for the year to date with 17.18 per cent. Vauxhall achieved 19.08 per cent in February, also down on the 19.95 achieved a year earlier. Its year-to-date share stands at 18.10 per cent.

beneficial for Austin Rover and rebutted suggestions that it would lead to plant closures, job losses in the components industry and among dealers. As part of Ford, Austin Rover would have been in a stronger position he claimed. For example, Ford could boost Austin Rover's output by hundreds of thousands a year by selling distinctive MG and Rover models on the European Continent.

Drive to cut rail catering loss

By Lisa Wood

BRITISH RAIL is to ask the private sector to help to provide food on trains as part of a £12m shake-up of its catering activities. The menu will include such dishes as venison and grouse which, like airline food, will be partly cooked, chilled and loaded on to trains before being reheated on board.

Print unions agree flexibility pact

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the print unions Sogat '82 and the National Graphical Association are recommending acceptance of a pay agreement for the general printing industry which provides for an important element of work flexibility. The executives of both unions have approved the deal reached earlier this week with the British Printing Industries Federation, the body for general non-newspaper printing companies in the UK.

time to suit fluctuations in seasonal and customer demands. It stipulates that for Sogat members, there shall be no demarcation within or between jobs in warehousing, bookbinding, print finishing, stationery, carton conversion and printing departments. Sogat members may be called on to carry out any duties in any of these areas.

Liverpool heads for new budget crisis

BY WALTER ELLIS AND IAN HAMILTON FAZEY

LIVERPOOL is expected to face a new budget crisis in the coming financial year because its Labour-controlled council failed to apply in time for an increase in spending limits that would have allowed it to meet its financial obligations. Without more cash from the Government, the council may have to cut about 3,000 of its 31,000 jobs and raise council-house rents by as much as £7 a week.

Under a clause of the Local Government Bill, set to become law on March 25, councils must now set their rates by April 1 - earlier than in previous years. Liverpool finds that it can meet that deadline only by setting a rate that would yield a shortfall between income and expenditure of at least £38m.

Under a clause of the Local Government Bill, set to become law on March 25, councils must now set their rates by April 1 - earlier than in previous years. Liverpool finds that it can meet that deadline only by setting a rate that would yield a shortfall between income and expenditure of at least £38m.

Under a clause of the Local Government Bill, set to become law on March 25, councils must now set their rates by April 1 - earlier than in previous years. Liverpool finds that it can meet that deadline only by setting a rate that would yield a shortfall between income and expenditure of at least £38m.

New 'winter premiums' planned to help elderly

BY KEVIN BROWN

THE Government is considering a system of special "winter premiums" for pensioners to replace the controversial Exceptionally Severe Weather Payments scheme. Mr Norman Fowler, the Social Services Secretary, told the House of Commons yesterday.

Gear change sought to keep Raleigh bicycles on the road

Arthur Smith on the cycle makers' plan to change work practices to reverse its flagging fortunes

In the UK, TI Raleigh dominates the cycle industry, accounting for about 45 per cent of sales and 60 per cent of output. Way behind is Holdsworth with 107 workers and an output of about 100,000 cycles, which claims to be the second biggest.

range slimmed and model development accelerated. Just when profitability was being restored, there was a shock announcement in October 1984 that the new £3m computerised paint and assembly operation at Nottingham was presenting problems.

Good news for anyone who hasn't bought a computer from Texas Instruments.

Advertisement for Texas Instruments featuring an image of a computer terminal and text promoting their business solutions. The text includes a headline, a sub-headline, and several paragraphs of promotional text, along with contact information for TI Business Solutions.

Form for requesting further information from TI Business Solutions, including fields for Name, Position, Company, Address, and Tel. No.



10
THE MANAGEMENT PAGE

Sumitomo Rubber

Breaking the mould of old practices

David Marsh on the Japanese tyre group's experiences in Europe

A JAPANESE industrial revolution is bubbling in a collection of ageing tyre factories across the manufacturing heartlands of Europe.

In 1983-84 Sumitomo Rubber Industries (SRI), the Kobe-based tyre company, emerged from the shadows to take over Dunlop's European tyre-making operations, the sun had finally set on a century-old British rubber empire which once ringed the world. Two years later, the heirs of Dunlop are on the way to carrying out the tyre industry's biggest ever retooling job.

Dunlop set up SRI in 1963 and up to two years ago still held a 40 per cent stake. Japan's first tyre plant was set up in Kobe by Dunlop in 1909. Although part of the Sumitomo family of companies, whose interests range from steel to banking, SRI ranked only number 12 among world tyre-makers in 1984. It then bought for £45m a string of loss-making British, French and West German factories, two of them dating from the First World War, as part of the tangled series of events stemming from Dunlop's near-financial collapse, dismemberment and subsequent takeover by the British conglomerate BTR.

Now the owner of eight plants and \$700m worth of operations in the three countries, SRI has invested a total of around \$300m so far (including the repurchase of Dunlop's 40 per cent stake) to mount a challenge to European industry which is audacious even by Japanese standards.

The move has brought Sumitomo Rubber up to seventh place in the international tyre league and gives it a bridgehead from which to confront Europe's tyre leaders on their home ground.

In an industry where concentration moves are becoming more frequent—underlined by January's announcement of the merger between the two US companies Goodrich and Uniroyal—some analysts are predicting that, by the end of the decade, more than 75 per cent of world tyre-making capacity could be in the hands of five or six companies. Two of them are likely to be Japanese—SRI and

the country's number one producer, Bridgestone.

The SRI acquisition also breaks new ground in the pattern of Japanese investment in Europe, previously carried out mainly through joint ventures and construction of green-field factories in young and expanding industries like consumer electronics or components.

It marks the first time that Japanese management and production techniques are being grafted on to the tissue of old established factories in an industry beset by international over-capacity and cut-throat competition.

After annual productivity improvements of 15 to 20 per cent or more during 1984-85, a dramatic surge in capital investment and a sharp increase in morale at the factories—now running on markedly reduced workforces—Sumitomo Rubber says it is on target in its bid to turn the ex-Dunlop factories to profit by 1987.

Kyo-Hei Yokose, the 68-year-old SRI chairman and chief executive, grew up in Kobe within sight of the belching chimneys of the Dunlop plant. He recalls as a boy using the company's rubber water bottles stamped with the bearded portrait of John Boyd Dunlop who patented the pneumatic tyre in 1888. Now that SRI has eclipsed its former owner, he says with studied understatement: "We have changed the master/student relationship."

Despite the advances of the past two years, productivity at the oldest European factories at Birmingham and Montluçon is still only one-third of that in SRI's comparable Japanese plants (the ratio was previously 1:4); the gap at the newer European factories is 1:2. But in all three countries, considerable change has been accomplished.

In contrast to the former lack of shop floor presence by Dunlop executives, Japanese managers and production experts—35 are in place throughout Europe to supervise the changeover, although the number is gradually dropping—enthusiastically pound the productivity chart-strewn works areas, newly painted in reds, blues, greens and yellows.

The Montluçon plant in the Auvergne region of central France was constructed as a munitions factory in 1918. Workers now plant bushes in the dusty soil to mark the completion of training courses at which they may find themselves studying marketing techniques and sitting—in identical uniforms—next to managers.

Alphonse Salis, the engineer in charge of training sessions in a set of new classrooms, says the aim is "to develop responsibility" and break down barriers between different sections of the workforce.

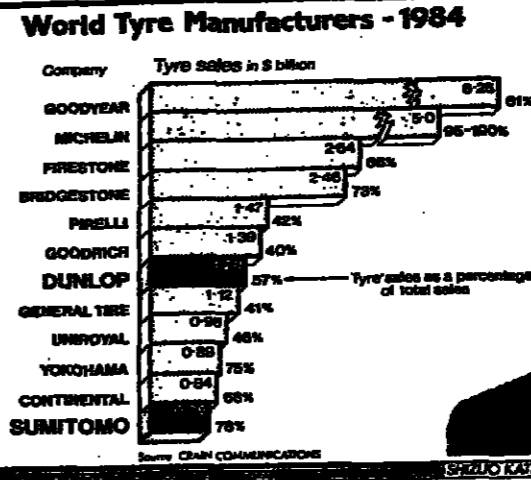
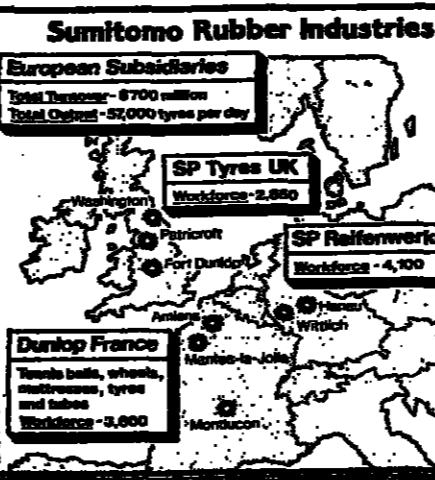
At Fort Dunlop, Birmingham, the oldest parts of which date from 1917, Japanese production engineers have developed the good-humoured habit of baptising new extruding machines with sake, and shop floor signs proclaim: "More tyres are desperately needed to meet demand."

In Hanau, close to Frankfurt, a facility originally dating from 1904 but completely rebuilt after Allied bombardment in 1945, a Japanese technical manager tries to please the plant's 800 Turkish Gastarbeiter by adding a sentence in Turkish to a factory presentation. His hobby, he tells the workers, is tyre plants.

Kurt Himmel, the Hanau production director, enthuses over Japanese willingness to spend money on upgrading machinery, and making factory alterations for which cash in the past had never been available. Over SRI's policy of encouraging neatness, both for safety and to improve productivity, Himmel says: "We thought we were clean. But the Japanese have taught us something."

Already in charge of overseeing the company's European operations, Yokose was promoted in November on the death of Shinichi Saito, the previous chairman. He is based on the time being in Birmingham—a sign of the immense importance SRI attaches to its European acquisition.

The key task, he says, has been to cut through the "vicious circle" of Dunlop's poor production, inefficiency and falling sales. This has involved sharp increases in investment spending—up about fivefold over the last 18 months across the Euro-



Why the customer is paramount in Kobe

AMID THE general hue and cry last week in Tokyo about the ruinous effects of the higher yen on Japan's exporters, Sumitomo Rubber quietly announced that it was increasing its European tyre exports to the US by 75 per cent instead of increasing exports from Japan.

But this sort of flexibility was not even a minor consideration when Sumitomo Rubber considered the acquisition of Dunlop's European plants. "It is true that we did not seek the acquisition. But if we had declined, the plants may have gone to competitors," says Shizuo Katsurada, president of Sumitomo Rubber.

Sumitomo Rubber is based in Kobe, a city where the name Dunlop can still find a room in a fully-booked hotel. And although Sumitomo

assumed 100 per cent control of Dunlop Japan more than two years ago, a number of executives still identify themselves as Mr So-and-so from Dunlop. It was not so long ago that Sumitomo was receiving technical assistance from Dunlop UK. "We only caught up with them on technology about four years ago," says Katsurada.

But as to running a business since few words. "We think the actions taken by the historically glorious Dunlop were not adequate to support the company."

In more modern times, Katsurada says of Dunlop UK: "The Birmingham Tyre Technical Centre was the leader of tyre technology in

the world. But their splendid results were not connected to the user-oriented products. They made good products and told users to use them. We think it was completely upside-down."

Katsurada says he runs his company on three principles. The first is what he calls *genshiki seibutsu-tsun*, which translates as putting the products where the customers are. This on-the-spot principle applies throughout the company from engineering to production. "A worker on the line has his customer as the man in the next stage of production. He is supposed to make the product to satisfy that man," says Katsurada. The major cause of Dunlop failure,

In fairness to the former management of Dunlop, however, Sumitomo Rubber can afford to run its company on a very different set of financial lines from companies in the west. With 40 per cent of its shares held by Sumitomo Electric and another 15 per cent held by other Sumitomo group companies it is not under strong pressure to boost its earnings and reduce its heavy borrowings. Indeed, Sumitomo Rubber's current five-year plan calls for sales to expand by 50 per cent from the 1985 level to ¥300bn, while pre-tax profits are projected to reach only ¥15bn, producing pre-tax margins of 3.3 per cent, compared with just 1.5 per cent currently.

Carla Rapoport

pean factories compared with the final cash-starved years under Dunlop—as well as renewed attention to maintenance and much-improved training for all categories of staff.

Last year saw £15m spent at the UK factories and DM 50m (£15.5m) in West Germany, while in France planned capital spending of FF 300m (£30.3m) in 1984-85 will be exceeded.

The workforce in the three countries, including sales organisations, is 10,550. Capacity reductions in truck tyres at Montluçon, together with more than 3,000 staff cuts, were put into effect in 1984 as a condition for the takeovers.

"The change is tremendous," says Dr Klaus Titze, long-standing production director at Dunlop's West German subsidiary. He took over as chairman of the new SRI company at the beginning of last year. His company, the highest-performing of SRI's European

trio, returned to the black last year for the first time in more than a decade.

It has been given responsibility for technological development long denied under Dunlop ownership, and now has its own tyre testing track. "Before, we were treated like a colony... Dunlop had lost contact with the market," says Dr Titze. "Without the Japanese, we would be kaput."

"Sumitomo has precise ideas over its objectives—and it doesn't want to attain them all tomorrow, but is willing to give itself time," says Marcel Marthien, director at the Montluçon plant both before and after the SRI takeover. "It's comforting to be with a group with a strategy."

"The most important part is not the capital expenditure—it's the supportive attitude of Japanese management," says Jan Sloss, manufacturing and personnel director at Fort Dunlop. "Before I was having to

convince people—now you get support for doing the right thing." He adds: "Yokose is too polite to say so—but our problem was lousy management."

Sir Campbell Fraser, the former Dunlop chairman whose £137,400 golden handshake was strongly criticised by small shareholders in 1984, now claims that more money would have been pumped into the European operations if only they had been profitable. "Sometimes it is easier for a Japanese company to take a longer term view than a British one," he says.

Under both Dunlop and SRI rule, the measures of the last few years have certainly been painful. Fort Dunlop has seen its workforce decline to 2,000 from 3,000 only five years ago. A further 250 office, engineering and sales jobs are to go over the next few months under cuts now being negotiated with unions.

The French operations, traditionally with heaviest over-manning, have borne the most severe cuts since 1983. SRI originally had no intention of taking over Dunlop France, which was forced to file for bankruptcy in late 1983.

SRI was persuaded to step in after realising in 1984 that ownership of the French operations was the only means of securing exclusive rights to the Dunlop marque in Europe.

In long drawn-out bargaining with the Paris government SRI secured several hundred million francs worth of state grants and loans to help defray financing costs. Dunlop France now produces 16 per cent fewer tyres than at the beginning of 1983—with 50 per cent fewer workers.

Where does SRI go from here? Japan's biggest manufacturing investment in Europe is already having ripple effects. The Fort Dunlop management is trying to use evidence of

spruced-up manufacturing as a marketing tool with clients like Jaguar and Austin Rover. In Montluçon, local sub-contractors profiting from increased orders last year have started to paint their factory floors to imitate Japanese-style tidiness.

Even though European turnover increased about 10 per cent last year, the main short term SRI aim is to hang on to Dunlop's 10 per cent of the European tyre market and only thereafter significantly expand production. After making its big initial push on modernising the production side, the company is now turning more attention to marketing. It also plans to boost exports to the US and Middle East.

Since SRI's avowed aim is to boost productivity at its oldest European plants to half the Japanese level, increased exports could hold the key to the company keeping its European workforce at present levels.

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FINANCIAL TIMES SURVEY

Friday March 7 1986

ESSEX

The siting of London's third international airport at Stansted will form the hub of improved transport communications which should bring the county substantial benefits

Improved communications provide key to growth

Survey written by Alastair Guild

ESSEX IS uniquely situated. To the west lies London, the country's commercial and financial centre, to the east the rich markets of the EEC and Scandinavia.

It is unusual also in its diversity. The vast areas of wheat lands, and forests mainly to the north, are among the most productive in the country. A range of large manufacturing companies such as Ford, Marconi, STC and GEC Avionics, along with a growing financial and commercial sector, make up the county's industrial backbone, while in the south heavy industry has traditionally been the dominant employer.

Yet, for all the strengths which appear to exist on the surface, Essex is confronted with challenges unfamiliar in other parts of the Home Counties.

The county has grown rapidly in the past 30 years from a population of just 800,000 in 1951 to over 1.5m. But jobs have not risen to match the increase.

Though the number of workers living in Essex has doubled, more than 130,000 residents, or 30 per cent of the labour force, travel to work in

London. Even in towns such as Chelmsford and Southend, more than 80 miles from London, the figure can be as high as 15 per cent.

Unemployment rates also reflect this discrepancy. At 12 per cent they are well above the regional average, and are most marked in south- and north-east Essex, where the resort towns of Clacton, Frinton and Walton suffer also from problems of seasonal unemployment.

Essex has experienced substantial factory closures, but these have been caused mainly by factors outside its control. A decline in the cigarette industry, for example, forced the decision by Carreras Rothman in 1984 to close its Basildon plant employing over 1,200.

Much of the key to the county's future lies in its rapidly improving communications. The M11 and M25 are opening up areas which might otherwise have remained unattractive to potential investors, and have provided a lot of the driving force behind the siting of retail superstores with potential catchment areas beyond the county. Even the north of the

county is now within a 30-minute drive of London's docklands, and the international flights to be provided from its Stolport.

The A120 is also growing in importance because of its proximity to Stansted and the link it provides across the county to the rapidly expanding port of Harwich.

The repercussions of last June's government decision to make Stansted London's third airport are already starting to be felt throughout the county. Over 10,000 jobs will be created by the end of the first phase of expansion in 1990, most of them in airport employment at Stansted itself.

Unscathed

The road network has brought the airport to within easy commuting distance of towns such as Basildon and Harlow with their relatively high levels of unemployment.

While these New Towns have suffered, along with other districts such as Grays Thurrock, historically a major centre for the cement industry, the middle of the county has remained rela-

tively unscathed because of its mix of manufacturing industry. A shortage of certain skills in Essex has been one barrier to reducing levels of unemployment, according to Mr Leon Grice, chairman of the CBI's Essex group. He points to MSC statistics for the time taken to fill vacancies. It takes over six weeks to find motor vehicle mechanics, carpenters, nearly five weeks, while machine tool setters and welders are also in short supply.

"People coming out of MSC training schemes in the next few weeks should change that situation," Mr Grice says.

There are, in addition several initiatives to improve liaison between further education colleges and industry. An industrial liaison committee with industrialists, trade unionists and educationists has been set up by the county council to tailor training to the needs of Essex industry.

Another scheme "pick-up" has brought together further education colleges throughout the county to market skills to industry. One group is providing translation services for export documents. Essex University, based in

Colchester with a range of expertise from electronics to linguistics, is developing strong links with industry, with an industrial liaison officer appointed last year. Phillips Business Systems chose to base itself in the town partly because of the university's reputation in communications, while British Telecom, with its national research centre close by, established a chair in telecommunications.

The shortage of well-located, well-serviced and landscaped industrial sites is also being tackled. In Grays Thurrock, for example, RTZ has reclaimed large areas of worked out chalk pits close to the M25 and is developing them to provide industrial units, retail warehousing and distribution centres.

The county's first technology park, near Chelmsford, is aiming to attract companies in electronics, precision engineering, pharmaceuticals and bio-chemistry. The county council will provide the spine roads, drainage and planting for the park, to be called Springfield Lyons, at a cost of £1m, and then lease or sell the plots to

developers to provide industrial units.

The site was chosen partly because of the town's pool of electronics and communications expertise in companies such as GEC, Marconi and English Electric. It also has direct access on to the A12 and the Chelmsford by-pass to be completed this year, and private housing for specialist staff is available locally.

Conference

The county council is marketing its technology park and other advantages of locating in Essex nationally and internationally. It has been direct marketing high-tech companies on the American west coast and financial institutions on the eastern seaboard and received over 20 expressions of interest. It is to hold a conference in London for companies that might be interested in decentralising from the capital and has embarked on a series of trade missions to EEC countries.

However, the council could be doing more to advertise the areas in the county which are

ripe for industrial development and designated as such, says Mr John Flett, chairman of the Essex group of the Institute of Directors.

The price of housing in the county is also seen by industry as a possible disincentive to companies wanting to move people to Essex from other parts of the country. According to Mr Grice: "Districts are not doing enough to provide key worker housing, particularly for those working in the electronics field," though he recognises that local councils "have their hands tied financially."

He points also to the discrepancy between house prices in Essex and those elsewhere in the south-east. A small flat in Basildon, for example, costs about the same as a four-bedroom house in Milton Keynes.

Any shortage should be alleviated, however, by the number of houses expected to grow by 40,000 in the next five years. Developers have lodged planning applications to build approaching 10,000 homes, just to cater for the planned expansion of Stansted. There are proposals also for major housing

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Contrasts abound in Essex. The big new shopping centre in Basildon (left) and (above) the historic centre of Colchester which goes back to Roman times

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ESSEX 2

Honey pots planned to attract tourists

Leisure

RURAL AND historic Essex are rivaling the seaside resorts of Southend and Clacton as tourist and leisure areas. The possibilities are immense. There are more than six million visitors within one hour's travelling of Chelmsford in the centre of the county, and nearly two million passengers using the Harwich ferry services each year.

Many of them merely pass through, however, on their way to such destinations as London and Cambridge without stopping.

"We are hoping to attract them to stay or visit, on their way into or out of the county," says Ms Lynn Ballard, Essex County Council's tourism officer. The council is hoping to introduce improved signs to tourist attractions, possibly like those white on brown signs evaluated last year in Kent and Nottinghamshire.

Essex has also been promoting itself at travel exhibitions. Last December, the Essex stand at Olympia's World Travel Market was shared by the county council, Colchester tourist association and Stansted Airport. The county council, Southend, Colchester and Tendring exhibited on the Essex stand at January's Holiday 1986 show at Alexandra Palace.

Last November it brought out a range of new publicity material, including 50,000 copies of 100 Places to Visit, 15,000 copies of Farm and Country Holidays and 15,000 copies of Inns.

Ms Ballard identifies four potential tourism "honey pots":

- Many Harwich passengers

already visit Colchester, attracted partly by the town's Roman past. While there, however, they are drawn to other attractions, such as the town's zoo, which last year attracted more than 250,000 visitors, making it the most popular single stand alone tourist site in the county. Colchester's three museums, castle and art gallery also bring in over 200,000 visitors a year.

• Nearby is the river Stour and the Dedham Vale, the lush countryside made famous by the landscape artist, John Constable. As well as being an area of outstanding natural beauty, Dedham has a heavy horse centre. More than 40,000 visitors come to see its collection of shire horses, harness room and brewer's drays.

• The Saffron Walden area in the north-west of the county also has a major concentration of tourist attractions, including Audley End House. A mansion begun in 1603, it was reduced in size and remodelled by Vanbrugh. Last year, the house, which has a miniature railway in its grounds, drew 50,000 visitors. The Saffron Walden museum attracted 23,000 visitors, the nearby Molechale Wildlife Park 35,000 and Hatfield Forest 120,000.

• The small village of Castle Hedingham in the north of the county has an annual influx of 30,000 to visit its castle and the Colne Valley steam railway.

Broader appeal

Country parks are also proving popular with more than 1m visitors to the eight parks owned by Essex County Council.

With so many destinations for the day and short stay visitor to choose from, it is perhaps hardly surprising that Essex's more traditional resorts are trying hard to broaden their appeal.

According to Mr Peter Longden, Southend district council's director of development: "It is difficult to see the town coming back as a resort for long holidays. It has a very limited amount of accommodation. Most hotels are on the small size, with only one of the town's large traditional hotels left, with 60 beds.

"We are aiming instead to attract the short stay visitor and day trippers. Day visitors will be the springboard for obtaining new facilities and attractions."

Day visitors already provide the greatest number of visitors to the town, about 1.25m between April and September and about one-third of Southend's £10m leisure income. The market potential for day trippers and short stay holidays is considerable. The completion of the M25 has put an estimated 5m population within a one hour drive of Southend and a possible 15m within two hours.

The council recognised in its tourism strategy, published in 1984, that "there is little positive attraction by the resort, an over reliance on repeat visits and a "captive" business market, and a failure to attract new visitors. This appears to stem mainly from inadequate facilities and limited marketing."

That picture is changing. Since the pier was badly damaged by fire in 1976, the council has spent £1.5m on its refurbishment. A light weight train will run along a new track, the first train to be officially inaugurated by Princess Anne at the beginning of May.

The council recently approved a £1.5m scheme put forward by developers Brent Walker for the redevelopment of the pier head. The multi-purpose pier pavilion will be capable of uses ranging from a night club or an ice rink. The private sector is playing a vital part in redevelopment.

The developers will manage the pier and the trains. "Brent Walker has a tremendous incentive to use the pier to its best advantage," says Mr Longden. "It wants to keep it open all the year round, and with the company now involved in the running of the D'Oyley Carte Opera Company, for example, we expect to see a variety of shows and events taking place in the pavilion." The scheme could be completed before the end of this season.

Island marina

The council has also sought the involvement of private enterprise in its scheme for an island marina to the east of the pier. A feasibility study is investigating its economic value. "The buildings and facilities, which would create a very large rateable value for the benefit of Southend ratepayers, would be built entirely from finance raised by private enterprise," Mr Longden says. He estimates that as many as 1,000 new jobs could be created.

Along the coast, Old Leigh, which was historically a centre for the cockle industry, is being restored to provide some of the atmosphere of a "working" fishing village. With government finance, the sea walls have been raised to combat the effects of the Thames Barrier. Southend district council has made it a conservation area and helped to finance the repairing of the high street. Cottages have been brought back into use, grants are available to encourage occupiers to use authentic building materials.

The district of Tendring in the north east corner of Essex, like Southend, is heavily dependent on tourism revenue. It, too, is having to adapt to changing leisure and holiday habits.

Tendring's main resort, Clacton on Sea has a resident population of 46,000. During the summer months, the number

of people in the town more than doubles to over 100,000. It also attracts some 27,000 day trippers.

We recognise that more people are now taking their main holiday abroad, but there is still a market for the second holiday and short stay breaks," says Mr Best Foster, assistant to Tendring district council's chief executive.

Tendring is working closely with British Rail and the local hotel and guest house association to promote Clacton as a short break destination. Mr Foster also sees as yet largely unexplored the potential for attracting visitors from the continent, passing through Harwich 15 miles to the north.

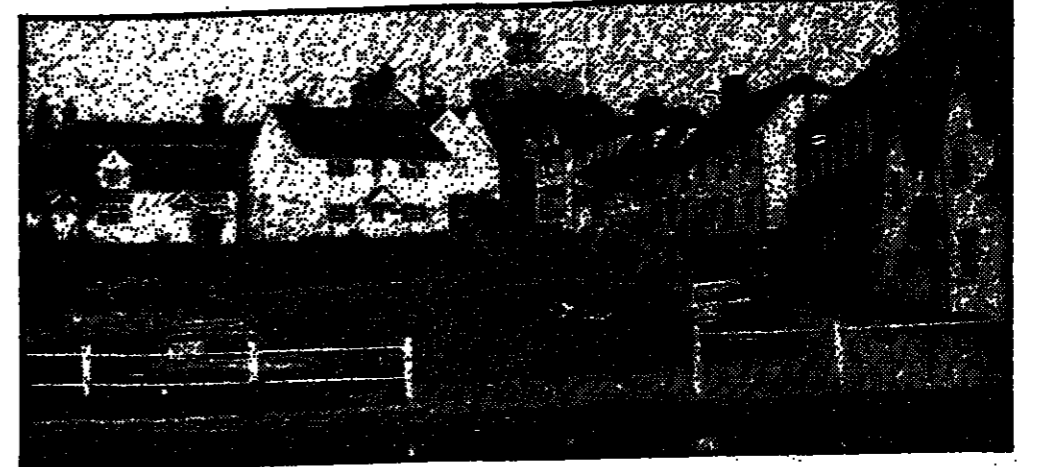
The council runs a tourist information centre at the port jointly with the East Anglian Tourist Board. With the British Tourist Authority and Ipswich and Felixstowe, Tendring has been marketing the area nationally as a destination for mini break holidays.

Clacton does not want to forget the market for self catering holidays. Holiday park owners have invested heavily in recent years to provide facilities such as swimming pools and entertainment complexes.

However, the national decline in the popularity of traditional holiday camps led to the closure of the 43-acre Bullins Holiday Camp on Clacton's seafront. In its heyday, the camp catered for some 6,000 holidaymakers staying in chalets. It also attracted large numbers of day visitors.

In 1984, the place was renamed Atlas Park and reopened largely intact as a theme park. After trading for one year, the park closed and the site is being marketed for development. "We expect a developer or consortium to provide a leisure content on at least 50 per cent of the site area and complete the remainder," Mr Foster says. A holiday village, for example, might make the whole development more feasible, he suggests.

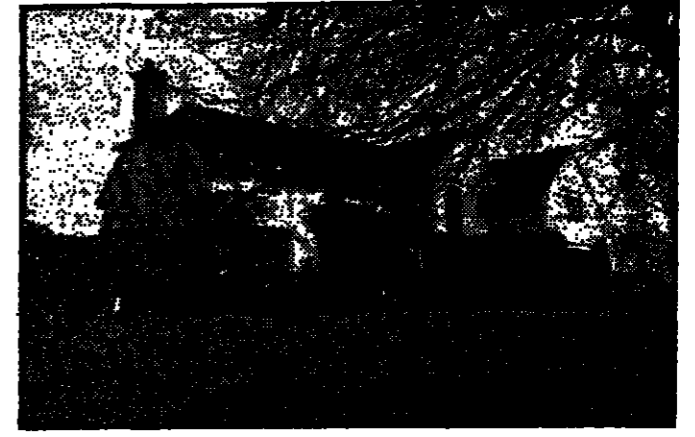
Tendring is also marketing Clacton's seafront pavilion for development. It is being offered as "an opportunity to rewrite history by refurbishment as a leisure complex."



The picturesque village of Finchingfield is popular with tourists.

Right: Kerseys, Boxted, Colchester, one of the country houses being sold by Savills.

Below: Industrial/distribution units on the South Industrial Area just minutes away from the M25 London Orbital Motorway.



Boost from M25 link expected

Property

THE PROPERTY market in Essex has yet to feel the full ripple effects from the M25 and M11 motorways and other road improvements in the county. According to one estate agent, property companies and institutional investors still show a reluctance to "look east of Liverpool Street."

Such inertia applies particularly with industrial property. Prices of land at Grays Thurrock on the banks of the Thames, for example, stand at £80,000 to £100,000 per acre, compared with £350,000 in the corridor west of London. According to Mr Peter Chaston of Chelmsford-based agents Kemley, Whiteley and Ferris: "Grays hasn't happened yet but it will. With direct access onto the M25, it is one of the areas in the county with the greatest potential."

The reclamation of derelict land there should provide some of the impetus to the industrial/commercial property sector. Marks & Spencer has already taken a site for a 284,000 sq ft distribution warehouse on the Tunnel Estate, land used until 1976 for the largest cement works in Europe. RTZ, which ceased cement production in Essex, owns about 400 acres in the area. It has already spent £3.5m on improvements to the 150-acre Tunnel Estate and is asking "very much in excess of £150,000" for serviced sites for

retail warehousing. The estate, with an area zoned also for industrial use, is connected to the railway and has its own private water supply, also served by its own modern concrete deep water jetty.

Another area highlighted by Mr Chaston for better than average growth in the industrial sector is Witham, on the A12. The market will be buoyed by the building of the Chelmsford by-pass to the south. His firm is at present marketing 65 units ranging from 195 sq ft to 2,000 sq ft.

Braintree District Council has already allocated 20 acres for an extension to the Eastways Industrial Estate in Witham and is hoping to release a further 20 acres for industrial development at the southern end of the town.

"The emphasis will be on building up opportunities along the main investment corridors of the A120 and the A12," says Mr Roger Barratt, the council's deputy planning officer. With the site of a retail land grant, the council is reclaiming a 12-acre site, which will open up a further 60 acres of land leading down to the Braintree by-pass.

Partnership

The smaller site will be sold back to the previous owners who will develop it. The larger site may be prepared in partnership with private developers.

Braintree, one of the few Essex councils to come out in favour of the Standed development at the public inquiry, expects to benefit from the "indirect" employment opportunities created, and is receiving a growing number of enquiries from transport and haulage companies without wanting to set up distribution depots in the district.

However, the full impact of Standed on the property market will not be apparent for another five years, says Mr Chaston. Present rents for industrial units in Braintree range from £1.50 to £2 per sq ft, while in Harlow, another area well-positioned to benefit from the airport development, rents can reach £3.75 per sq ft for units of 10,000 sq ft.

The area in and around Harwich has not seen the explosion in rents that people there expected, says Mr Chaston, with growth in the industrial property market more apparent at Felixstowe.

In the housing market, the impact of improvements in road and rail communications has been more evident, particularly to the west of the county. Mr John Gibson of Savills draws a line north-south through Chelmsford. To the west of that line, people drive to work in very prosperous small industries.

Firms have made £500,000 or more and he expects the firm barrier to be broken fairly soon. To the east, only three properties have made £300,000 with none fetching more than £400,000.

"The most significant change will be the Chelmsford by-pass. The purchasing power to the west of the town will spill over

to the east and prices increase along the A12 corridor from Chelmsford to Colchester."

As in the industrial property sector, the Standed development is likely to have a significant impact on housing supply and demand, though this has yet to feed its way through.

Lower down the housing market, Mr Gibson has found less of a differential between prices east and west of the line. A three-bedroom cottage in Ongar, for example, recently fetched £120,000, whereas in Witham, an equivalent town to the east, prices are around £80,000.

The greatest demand for new housing is along the M11 and the London to Cambridge railway line running almost parallel. There are major proposals for housing developments between Harlow and the M11 and at Bishop's Cleeve, Hertfordshire, near the Essex border, for instance.

Meanwhile, back in Thurrock, a final decision is expected in the next two or three months on an outline planning application for a major housing development at Chafford Hundred. The proposal by Blue Circle Developments, RTZ and Whitehall Securities is for 5,000 new homes for 15,000 people, plus schools and shops set around disused chalkpits. These are to be landscaped as recreational areas with the remains of the pit forming a giant lake.

On March 18, a public inquiry starts into another major housing development, this time on Green Belt, five miles away at Tillingham Hall. Seen by many as a test case of Green Belt policy, the £450m Tillingham development might jeopardise the go-ahead for the Chafford Hundred scheme.

Housing demand is also growing along the A12 from London, with Infill land between by

passes and such towns as Witham along the A12 proving increasingly popular as sites for new housing.

"However, the country house market is the sector of greatest demand and least supply, says Mr Gibson. The number of applicants for such properties on Savill's register has risen from 1,600 last year to over 2,000. A five-bedroom farm house with up to 10 acres to the east of Chelmsford will fetch between £150,000 and £250,000. "Above £150,000 the person buying is no longer a salary earner but is a profit earner. While profits are being made in Essex industry and in

the City prices of more expensive houses will remain high."

City money is similarly helping to buoy up the agricultural land market. During 1985, values fell by between 15 and 30 per cent, mainly due to the uncertainty of future grain prices. Without City money, the situation might have been far worse. Those farms that at least in value had a good residence and were situated close to the commuter belt, possibly with good quality land. "The best way to buy a good house is often buy a farm," says one agent.



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The overall cost of the development, including buildings and services, is expected to be in the region of £100 million.

For more information on liner traffic, passenger or freight opportunities contact: Colin Crawford, Port Manager Sealink Harbours Ltd, Parkeston Quay, Harwich, Essex CO12 4SR. Tel. Harwich (0255) 502141



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£100m improvements for Harwich

Ports and Communications

THE ESSEX ports of Harwich and Tilbury have a vital contribution to make to the county's prosperity, particularly as it seeks to increase trade with other EEC countries and attract inward investment and export goods.

Proximity to Harwich—and through the port to Holland—was one of the main reasons for Dutch subsidiary companies Philips Business Systems and DAF Trucks moving to Colchester.

Harwich, on the North Sea coast, is particularly adept at handling short sea freight and passenger traffic. Tilbury, lying some distance up the Thames estuary, has concentrated on deep sea container business and the handling of specialist bulk cargoes.

Good communications by road and rail are proving crucial to their development. Tilbury is a short drive from the M25 and the entrance to the Dartford Tunnel, and is close to the markets of London.

When the Chelmsford bypass is completed in August 1986, dual carriageways will link Harwich to the M25 and London, and to Ipswich, the Midlands and the North via the A45.

Harwich is served also by daily Freightliner trains from London and major industrial centres throughout the UK. Daily "company" trains carry containers of motor car parts destined for plants on the Continent. From Zeebrugge, there is a similar system of container trains providing connections with major industrial centres in Germany, Switzerland and Italy.

Both ports are now seeking to capitalise on these transport links. At Harwich Parkstone, Sealink has embarked on a major programme of capital investment. According to Mr Colin Crawford, Sealink's port manager, "Harwich is the county's biggest port and is also

the one with the greatest growth potential."

Investment in two phases, £7.5m is being spent on improved Ro-Ro facilities in the existing port area, including quays, ramps and stanchion areas. Two new berths, will be capable of handling between 100,000 and 200,000 TEUs (20 ton equivalent units) each year. They will have far greater capacity than the two existing Ro-Ro berths.

These are assigned, at present mainly to passenger car ferries with a smaller element of freight, though they too are to be revamped. Harwich is the second biggest passenger port in the UK.

However, 115 ha of tidal mud flats recent reclaimed from the sea is to receive the lion's share of investment.

Essex County Council has already spent £2.3m on reclaiming Bathside Bay, 1.6 km at its widest point. The council saw the development as one way of providing a new link into the dock area in Harwich town itself. The peninsula on which Harwich is built is now completely developed while the heavy and ever-increasing traffic destined for the dock area across the bay from Parkstone Quay is forced through the narrow streets of the old town and Dovercourt.

The new road will also provide access to the deep sea terminals being planned for the bay area. Sealink expects to spend £10m on four container/Ro-Ro berths, eventually capable of handling a total of well over 1m containers per annum, and both short sea and deep sea vessels with a maximum 9 m draught. The investment is to be phased over a number of years, depending on customer demand.

"We are already negotiating with about eight different container and Ro-Ro operators who might want to use the new facilities," says Mr Crawford. "There is a lot of interest, though none has yet expressed any firm commitment."



Harwich, where Sealink is improving the four container/Ro-Ro berths to lift the port well up the league of container ports

The development should lift Harwich well up the league of container ports. At present it just creeps into the world top hundred. Suffolk's Felixstowe, just across the Stour estuary, is the biggest container port in the UK, and 20th in the world.

Mr Crawford says that "much of the business of the two parts is complementary. There will be some areas where we will compete, but there is a lot of business to be had, particularly in general traffic in Ro-Ro and containers, both short sea and deep sea. There has been a tremendous growth in this estuary, more than in the general run of the economy."

To help recoup its investment, Sealink will sell leasehold 70-90 acres of Bathside Bay for industrial development. It is promoting a Bill this parliamentary session to give the company full power to reclaim and develop the whole bay.

Tilbury has no plans to increase the number of berths. The PLA has invested £70m in specialist terminals at the port since the 1960s. "We are concentrating instead on a continued programme of updating equipment," says Mr Geoffrey Ennals, secretary to the Port of London Authority.

Last year, for example, the authority bought three more heavy duty tractor units at a cost of £120,000, partly to serve Tilbury's growing trade in deep sea Ro-Ro cargoes. It also took delivery of three fork lift trucks for £56,000 with sections designed especially for handling timber and plywood cargoes.

Since the 1960s, the volume of freight handled by Tilbury has increased from 1m tonnes to over 8m tonnes, and it is now the third largest container port in the UK after Dover and Felixstowe. It made a profit last year for the first time of £500,000.

Some areas of its business have declined, however. In 1968, for example, 2m tonnes of grain were imported through the port's specialist terminals. Since the UK joined the EEC, that has fallen to 1m tonnes, though it is now handling 1.3m tonnes of grain exports.

New jetties were recently built to handle the growing export trade in UK grown grain. These were funded and are operated by Thamesgrain Elevators, a division of Mardorf Feach.

The recession in the timber and paper trade has also affected Tilbury, though it continues to be a major centre, last year handling 0.6m tonnes. The arrival last year of a Ro-Ro

service for forest products from America and Canada provided some encouragement. The expected annual throughput of 120,000 tonnes will be split between Tilbury's three forest product terminals.

Other services to Tilbury inaugurated last year included:

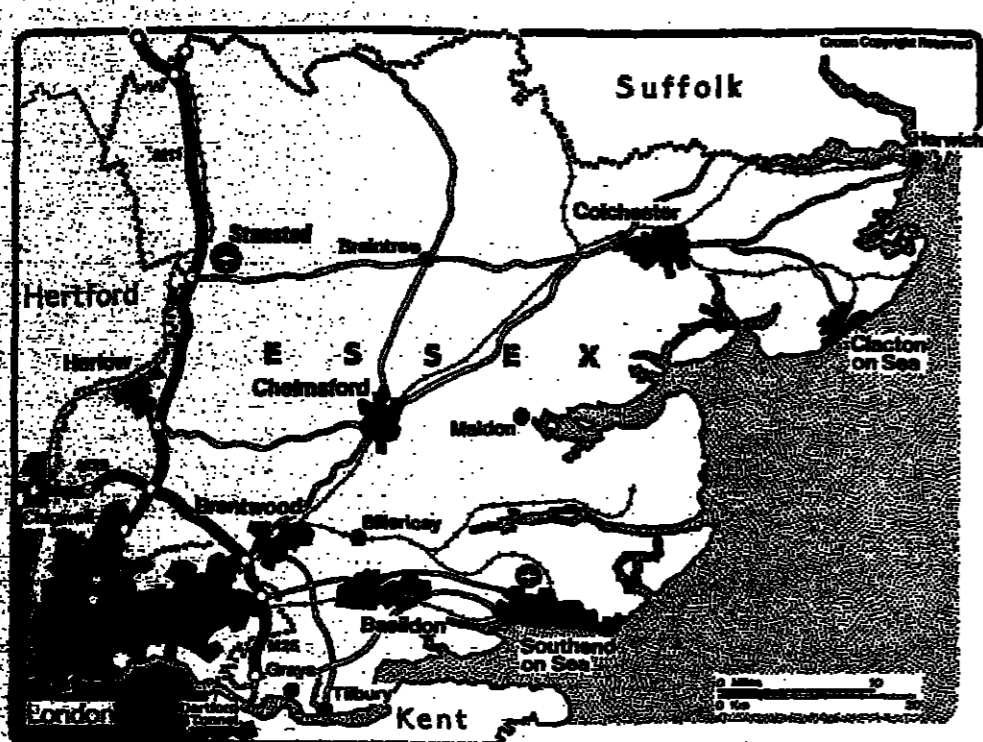
- A deep sea container service between northern Europe, South East Asia and China to use the dock's "common-user" container terminal. There are now three fully cellular sailings a month between Tilbury and China;
- A cross channel Ro-Ro freight service to Zeebrugge, Searoads Ferries expects to introduce a second vessel onto the route this month.

This is significant for Tilbury. Thirty miles from the mouth of the Thames, it was generally thought too far up river to benefit from short sea business. Searoads negotiated exclusive use of the PLA's riverside Ro-Ro terminal.

It also has a working agreement which says a company director, "particularly accepts the needs of the automotive industry in the movement of vehicle parts. But we chose the Tilbury/Zeebrugge route mainly because of the direct link via the M25 to the national motorway network."

There is optimism also for the future of passenger traffic, with the PLA last year completing a £190,000 modernisation of Tilbury's riverside passenger terminal. On average, there are nearly 100 passenger ship calls a year at Tilbury. "The whole PLA modernisation programme is aimed at supporting the marketing efforts of cruise liner operators using London, and encourage them to make even greater use of the terminal in future," says Mr Ennals.

The authority has had enquiries also for the use of the landing stage both for commuter and tourist services aimed at linking the centre of London with Essex and Kent coastal towns, possibly by hydrofoil and hovercraft.



Expansion brings job opportunities

Stansted

BARELY SIX months have elapsed since the Government's decision to develop Stansted as London's third airport, yet the effects of that decision are already being felt. Since the June announcement, British Airports Authority's personnel departments have been flooded with job inquiries, while planning applications have been lodged for housing developments in the western part of the county, and over the border in Hertfordshire.

Yet any suggestion that the area around the airport will eventually be faced with a massive influx of housing and industry seems largely unfounded. It was a condition of the consent to expand the airport that any airport-related industry should be sited on the airport. BAA increased its land holding from 368 ha to 957 ha to accommodate these activities. Government permission would be required to increase the annual flow of passengers from 15m to 25m, when extra land might be required. Although BAA has planning permission for 15m passengers per annum, parliamentary approval will be required to go beyond 7.5m.

The existing terminal handles 0.5m ppa. BAA expects traffic to build up to about 1m ppa by 1990, by which time the new terminal building should be nearing completion, giving Stansted the capacity to handle 5m ppa.

BAA has said that it is trying to avoid many of the mistakes made at Gatwick by, for example, screening off the car park and providing 18,500 long-term car parking spaces. Private operators will be asked not to be tempted to set up car parking in the airport's vicinity, it is hoped.

The local Uttlesford District Council is doing its part to minimise disturbance. It is pressing for noise controls and for a definition of air routes to tell local people in the vicinity how much they are likely to be affected by flight paths and stacking lanes.

According to Mr Christopher Knight, Uttlesford's director of planning, "We have had plenty of inquiries about land for industry and housing and have made it clear that we will not be providing any additional land for such development."

It is opposing an application for 100 acres of gravel excavation at Stebbing, for example. It has also received more "reasonable" inquiries. Unsite Dairies, for instance, wants to know where there is likely to be residential expansion so that it can plan the relocation of its dairy. "These are the sort of spin off effects which we would expect to see, and which will have to be sited to everybody's advantage," says Mr Knight.

Opposition

However, he emphasises that any major application for residential expansion will be opposed at least until the forthcoming Essex structure plan has been finalised and confirmed, probably not until the end of next year.

Uttlesford will also oppose the expansion of Stansted beyond 15 mppa. According to Mr Knight, the Department of the Environment will publish in the next few months a "safeguard" area around the airport. This would enable Stansted to expand from 15 mppa to 25 mppa. "But the land take at Stansted is already much greater per passenger than at either Gatwick or Heathrow. Any expansion beyond 15 mppa should go to a 5th terminal at Heathrow."

The initial phase of expansion at Stansted will create substantial job opportunities, with the airport's working population, scheduled to grow from 1,840 at present to 11,000 when Stansted is handling 7.5m passengers per annum. But BAA is quick to point out that most of the vacancies could be filled by the growing number of unemployed in towns as far south as Haslemere, with Essex's fast road links, are

Development timetable

Road construction from the M11: planned to start spring, completion by end of 1986

Work on terminals area and areas for associated industries: starting early 1987, completion late 1990

Terminal buildings: expected to be operational by early 1991

within easy commuting distance.

BAA is working with local schools to prepare children for the sorts of vacancies that might arise, while Stansted has one of the largest Youth Training Schemes in the county. BAA sits on a tourism and travel advisory committee at Braintree College and some of the college's students will be given work experience at Stansted.

With many of the jobs expected to be filled within the county, it is estimated that initially an additional 4,000 houses only will be required, though this would double should the airport grow to handle 15 mppa. Much of the additional housing could be spread around the towns within commuting distance of Stansted.

"The idea that there will be a major new town on Stansted's

tree 25 minutes along the A120. BAA is building a link road from Burchingham Roundabout on the A120 straight into the airport. The county council would like to see an extension of this road eastwards, running parallel with the A120 and rejoining it near Dunmow, to make Braintree more accessible.

The county council has also indicated the need for an additional 25 hectares in Braintree district for industrial/commercial development.

In Harlow, two areas of industrial land are vacant. The Commission for New Towns is marketing a 50-acre site to the west of the town as a business park. Another 42-acre site is scheduled for general industry.

BAA is optimistic that traffic using Stansted will grow. Mr Orrin says that the major growth in passenger traffic will be from the charter leisure market, and with land made available for transit sheds, cargo traffic is also expected to be a major element of the airport's business.

Air UK now operates scheduled services out of Stansted to parts of Europe; London Express is hoping to operate services to Singapore and Hong Kong; and The Peoples Express to New York; Highland Express plans to fly to New York and Toronto via Prestwick later this year. With good road and rail links into



Stansted Airport, soon to become London's third international airport

London, Mr Orrin expects Stansted to increase its popularity with incoming tourists.

The smaller Southend Airport also expects to benefit from the Stansted development. It might, for example, attract traffic which Stansted, when fully developed, finds more of a nuisance than an asset, in particular short take off aircraft.

The operation of Southend Airport passed to British Airports International in March last year under a 10-year management agreement with Southend Borough Council. BAI, owned jointly by the British Airports Authority and International Aeradio, has embarked on a development plan to modernise facilities and enable the airport to capitalise on the potential for traffic growth. Last year the airport handled 196,000 passengers, an increase of more than 50 per cent on 1984.

Southend has benefited, in particular, from the EEC directive of 1983 deregulating services between member states. The Danish Maersk Air was the first airline to capitalise, beginning a scheduled service between Southend and Billund in Denmark in November 1984.

Investment plans include £665,000 on terminal redevelopment. Plans include the possibility of setting up a frequent shuttle bus service between the terminal building and Southend Victoria railway. Another proposal is the siting of a railway platform on the edge of the airfield.

Southend also plans to expand its freight facilities. Freight tonnage handled increased last year by 4.6 per cent over 1984.

According to Mr Brian Perkins of the county council: "Harlow and Braintree are the largest settlements relatively close to the airport and they are also districts which could do with an injection of industry to combat high levels of unemployment."

Harlow is 15 minutes drive time from Stansted, and Braintree

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ESSEX 4

Strong base in electronics

Industry

FOR LONG one of London's poor relations, Essex has been helped by better communications to become established more firmly on the industrial map.

Over recent years as costs west of London have risen, manufacturing firms have been attracted by relatively low land prices and factory rentals and a workforce with a broad base of skills. At the same time, they are able to retain easy access to markets.

Manufacturing has remained more important to the economy of Essex than to that of most other counties in the south east, with over 25 per cent of the 530,000 workforce employed in industry or commerce. Engineering is particularly strong, with electrical and electronic engineering employing 20 per cent of those working in manufacturing industry, and mechanical engineering including motors 16 per cent.

Other industries well represented are paper, printing and publishing, food and drink, vehicles and chemicals. The county has a low proportion of the declining industries, such as metal manufacture, shipbuilding and textiles.

The county has had setbacks nevertheless. Both Harwich and Tilbury put in unsuccessful bids for freeport status, arguing that the absence of customs and various other charges would help to attract overseas companies, including the Japanese, to establish plants for the assembly of high-value products, such as circuit boards. Other ports in the south east, including Felixstowe, however, were similarly excluded.

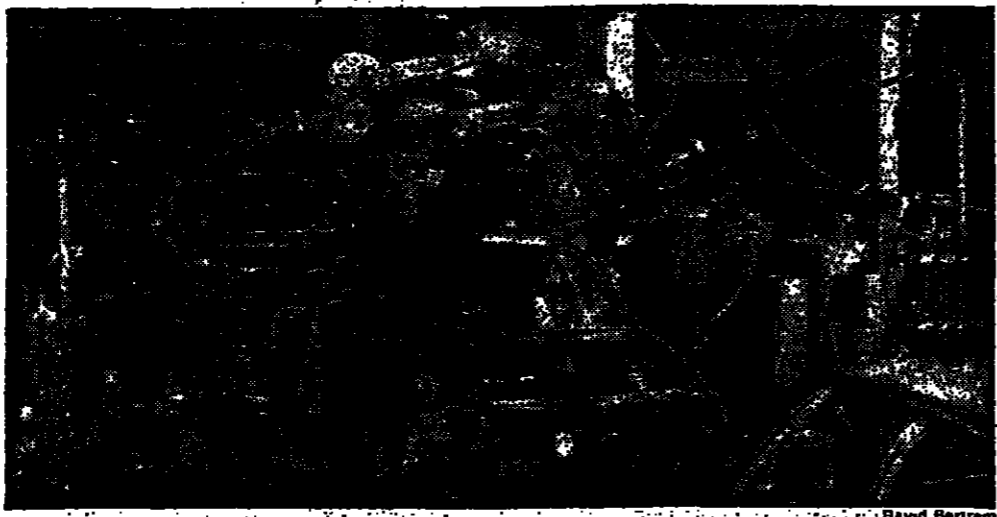
The absence of regional incentives in the county has also tended to deter overseas investors from setting up in Essex, says Mr Colin Ridgwell, Essex County Council's employment promotion officer. The council is, however, having discussions with JETRO (the Japanese External Trade Organisation) to promote the county as a location for a European base.

£45m park

Companies moving to Essex will find a growing range of industrial sites. Large areas of land adjacent to the M25 are being developed for commercial and industrial estates and districts such as Basildon, not only five minutes from the UK motorway network are also benefiting. At Wickford, for example, an industrial estate is being expanded with a £45m business and community park which it is hoped will provide 4,000 new jobs in the next decade.

Further north, Braintree district has plans for major extensions of its industrial estates. Conveniently situated along the A12 and A120 between London and the east coast ports of Harwich, Felixstowe and Ipswich it is involved in partnership schemes with private industry for industrial development.

High specification industrial sites with the sort of landscaping, servicing and other facilities required by modern industry are generally in short



Robots in use at the Ford assembly plant at Dagenham.

supply, particularly in Chelmsford and Colchester. The revised county structure plan will be allocating more land for such sites, to encourage increased development, and so help attract companies that might otherwise go to the M4 corridor, for example.

The skills available in the county are broad, including in the 120,000 who regularly commute to London, a reservoir of managerial experience.

With companies such as Marconi, STC and Ford based in the county, electronics expertise is high and some employees of these and other groups have left to establish their own small to medium sized high tech businesses. Ford, which is shedding workers in parts of its operation, is also seen as a potential source of skilled manpower.

Ford is still by far the biggest employer in Essex, with 25,462 employed at 16 sites throughout the county. The largest concentration is at Dagenham, where the Ford estate covers almost 1.7 sq miles. There are six plants employing over 18,000 people.

The factory, built in the 1930s to house a foundry, rolling mill, machine shop and engine assembly line as well as car, truck and tractor assembly lines, is now turned over entirely to engine production. The other plants on the estate include a body plant, assembly plant, a trim manufacturing area and a KD (knocked down) export packing plant.

The company has invested heavily at Dagenham in recent years. New metal stamping and body construction facilities for the Sierra range, introduced in 1982, meant the expenditure of £210m, while new equipment for the manufacture of the 1.6 diesel engine fitted to Escorts, Fiesta Orion and Escort vans cost £220m.

In 1984 a new, fully automated paint system was brought into commission at a cost of £30m, while the company last year announced its intention to provide new facilities for the production of a "third generation" lean-burn petrol engine, at a cost of £157m. These engines, to be introduced in 1987, will be supplied to Ford assembly plants abroad.

Because of an increase in the demand for the Sierra, Dagenham recently hired an additional 350 operators, the first time since 1980 that the com-

pany has hired extra hourly-paid employment at the plant. One of the black spots on the Dagenham horizon was Ford's announcement in June last year that it is to give up making car wheels in Britain by the end of 1987, with a loss of 200 jobs.

However, the company re-inforced its presence last year in Basildon. Its second largest centre in Essex, the administrative headquarters of its truck operations, the sole European source of radiators for Ford and the single largest tractor manufacturing plant outside North America.

Tractors

It announced that it is to scale down its US tractor manufacturing operations and concentrate production of agricultural tractors at Basildon, with an additional investment of £5m, and a possible addition of 100 jobs. It has also concentrated its European electrical and electronics operations at a purpose-built headquarters and engineering liaison office in the town, with more than £1m spent on new test facilities.

Ford's other two Essex plants are at Warley and Dunton. This Easter, the company will commission a new £4.5m computer data centre at Warley, the administrative centre of Ford of Britain and Ford of Europe Inc, employing a total of 1,700.

Its research and engineering centre at Dunton employs over 2,000 staff, where it this month opened an extension to emission test facilities. However, Ford of Europe has told its research and development staff in Essex and West Germany that one-quarter of their jobs will have to go by 1990.

Shell has been rationalising its refinery operations on Canvey Island on the Thames since the 1970s. Then it employed 1,800 but it now has 650 staff, producing mainly petrol, gas, oils and diesel for transport and bitumen.

The reduction in workforce has been due mainly to a fall in demand, with volumes production dropping from 10m tonnes to 4.5m tonnes last year. Another reason was the rationalisation of its tankage and investment in new control rooms, as well as improvements to jetty.

It is nevertheless a major contributor to the local economy, with £2m worth of

metalworking, welding, fabrication, heat exchanger work contracted out to local engineering companies, each year.

Improved road communications have also encouraged more small to medium-sized high technology companies to set up in Essex. Selven Systems, now employing 24 in Witham, was formed six years ago by two former systems managers at Ford. It is possibly the most common source of young, resourceful professionals in Essex, says Mr Andrew Crane, one of the company's executives. They have now been joined by Marconi's company management services manager.

Selven's products include accounts packages, manufacturing software and shop floor data collection systems. "For the first five years, we concentrated our activities in Essex, London and the eastern Home Counties, mid-Essex having a large base of potential clients within one hour's travelling time."

Larger clients gained during that time included Essex-based Town and Country Building Society and Hamlyn Legal Protection. The company's success has enabled it to expand into the Midlands and the Thames Valley.

Improving communications, particularly with the City of

London, have been a major factor in tempting companies in the financial sector out to Essex.

Southend-based Access, The Joint Credit Card Company, employs over 4,000 in the town, and recently decided to set up a second operations centre, in Basildon, to help handle future business growth.

JCCC, which provides credit card services for some of the major clearing banks, now has over 8m cardholders. The business generates over 1m sales and payment vouchers every day, and 43,000 telephone authorisation calls from retailers.

When the company was formed in 1972, several locations were considered, including Brighton and Milton Keynes. But only Southend's telephone exchange had the capacity to handle the demands of the Access operation. The town was close to London without high London rents, and had good road and rail links. The company also found a large reservoir of clerical staff.

According to Mr Michael Blackburn, Access chief executive, Basildon also met its criteria. "The former Ifford Films processing and administration building in the town provided us with suitable and readily available accommodation. Basildon is close to both Southend and London, with excellent road and rail links between all three points. It can also provide the telecommunications and postal facilities which are the cornerstone of Access business."

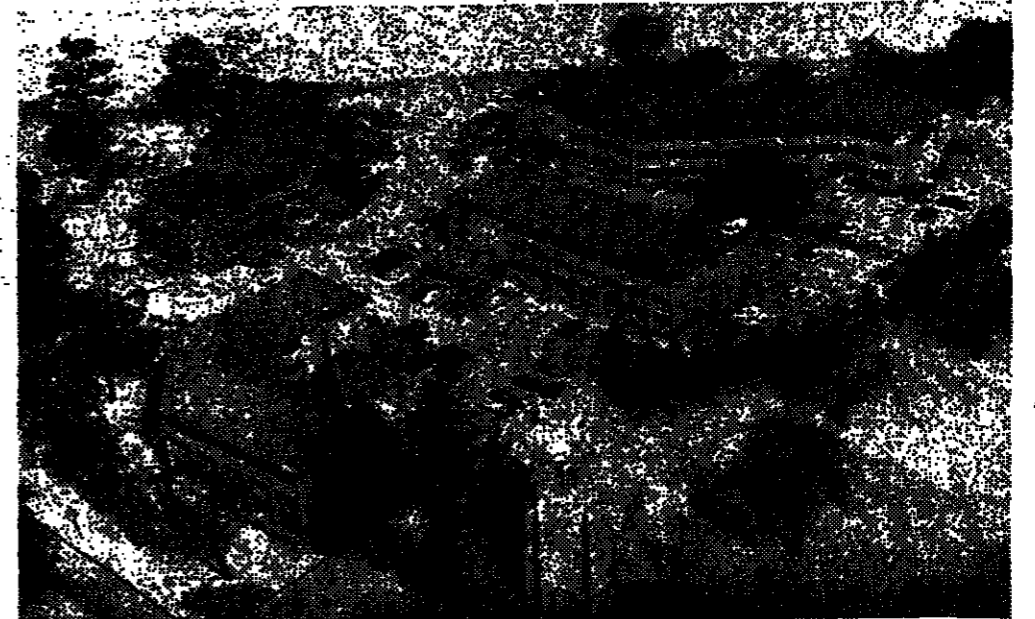
Availability of staff and good communications have also been a factor in attracting insurance companies to set up in Colchester. Royal London Mutual Insurance started moving out of London in 1973, moving all but its stock exchange investment department into a purpose built head office in 1982.

Two thirds of the staff of over 700 have been recruited locally. "The turnover of staff has been low and we've attracted school-leavers, married women and the qualified specialists," said Mr Michael Pickard, the company's chief general manager.

The company also planned to set up a data link between underwriters in its own London underwriting room and Colchester.



Setting up for production of sterile medical products by May & Baker at Dagenham.



A model of part of the Warley Hill Business Park, which is being built by Countryside Properties.

Uncertain future for arable farming

Agriculture

ESSEX'S FARMS, with their rolling wheat lands, are among the most profitable in the country. The cereal surplus in Europe, US proposals to subsidise grain exports and the shrinking world market are nevertheless prompting the country's farmers, as elsewhere, to ponder the future of arable farming.

Various avenues are being explored. One suggestion is to increase the use of land for public recreation, such as country parks and picnicking. Interest is also being expressed in various alternative crops, including lupins, to satisfy EEC demand for oil seeds. Research into the use of grain by industry for the production of starch, alcohol and ethanol, as a replacement for lead in petrol could open up other possibilities.

It is recognised that such developments are long-term. In the immediate future EEC farmers are stuck with the problem of overproduction. The UK produces an annual grain surplus of over 6m tonnes, with Essex farmers overproducing by 100,000 tonnes.

"However, it is a myth that the Common Agricultural Policy (CAP) is supporting farm incomes at profligate levels," says Mr Michael Murphy of the Agricultural Economics Unit at Cambridge University, and the author of the Report on Farming in the Eastern Counties. "Farmers are on a treadmill, rising costs of production and falling real farm gate prices leave them no better off."

For the average Essex farmer, incomes in Essex will have halved, he estimates, having slowly declined in real terms over the past 15 years, though in North Essex in 1984 they increased by five per cent.

Restraint
Mr Murphy would like to see the EEC give more serious consideration to a "set aside" type programme, a statutory restraint on land under wheat cultivation. Such a programme should seek to reduce the 165,000 ha used for cereals in Essex by 25,000 ha, or 15 per cent.

"For the average Essex farmer, with his 126 ha, this would mean taking out 20 ha of cereals. He could possibly be given in the order of £200 per ha as compensation for lost income."

Provided it was administered fairly throughout the country, such a programme would not be the end of the world for Essex farmers, and might help reduce the cost and difficulties of the present system of storage or exports, says Mr Murphy. "It would also prevent further unnecessary allocation of resources and capital into farming to produce goods which nobody wants."

According to Mr Philip Shaw,



Windmill at Athorpe Roding amid typical Essex farmland.

the National Farmers Union county secretary: "Our members have reluctantly accepted the idea of some form of supply management, regulated by a Community-wide licensing system."

"Another option might be to cut prices, but farmers tend to react by increasing production to offset the fall in prices. There would have to be a 20 per cent fall in price before it would have any real impact. Such a reduction would send a lot of farms out of business."

"The raising of quality standards would not have much of an impact in Essex because farmers here are already producing high quality grain, though it would help reduce the surplus in the UK as a whole."

Reluctance to accept any form of restraint is perhaps understandable for a county where arable farming has been the mainstay for many centuries. In the Napoleonic wars some 80,000 ha were drilled to wheat. Between 1976 and 1984, the area of land made over to winter wheat cropping rose from 100,000 ha to 124,000 ha, and now occupies 45 per cent of the total area.

Essex farmers themselves roughly divide the county into two, north and south of the A12. Those living in the south speak of the north as being the Land of Goats, where the heather, clay and chalks, combined with the low rainfall, make it ideal for cereal growing. Fifty per cent of the total Essex land area is Grade 2 or 3A, producing the highest average wheat yields in the UK. The average yield per hectare of wheat in Essex is 7.5 tonnes, while the national average is just over 6 tonnes.

Conversely, the county is not well suited to the growing of grass. The lower summer rainfall restricts growth and this can only be overcome by irrigation. With the increasing profitability of cereals and oil seed rape, this has encouraged the swing away from grass and livestock.

Whereas before the war, for

example, there were over 1,000 dairy farms, there are now some 130 dairy herds left in the county. Only one farmer is totally committed to dairying.

There has been much investment in machinery and buildings for wheat production, while the 3,600 holdings in the county are now generally larger than elsewhere in the country, and this tends to increase their productivity still further. The increase in size has been due partly to investments by financial institutions, and pension funds in particular, and partly to farmers buying neighbouring farms when they come up for sale, without having to contemplate any

further major investment in plant or machinery.

The increased size of Essex farms is reflected in the ratio of farmers to farmworkers. There are now 2,500 full-time farmers in the county, less than half the number before the war. Eighty per cent are owner occupiers, almost a reversal of the pre-war situation. There are just over 6,000 farmworkers, giving a ratio of 1:2.5, compared with a national average of 1:1.

"An Essex farmer tends to be more of a businessman than elsewhere in the country because agriculture is more highly developed and, historically, because of the county's proximity to London."

says Mr Clive Whitworth, the Ministry of Agriculture, Food and Fisheries' divisional surveyor.

Essex's proximity to a large urban population, with the increasing popularity of "pick-your-own," has also prompted the growth in soft fruit crops, with 760 ha under cultivation for strawberries, blackcurrants, raspberries and gooseberries. Only Kent, of the eastern counties, has a greater area devoted to fruit cultivation.

Essex also has a substantial area under glass, with 136 ha of glasshouse crops, 7 ha more than Humberside and almost 20 more than West Sussex, the counties with large areas devoted to glasshouse cultivation. Tomatoes and cucumbers have traditionally been the main crop, with one-third of the country's cucumbers grown in the Lea Valley. Of increasing importance recently have been flowers and bedding plants, again consistent with the county's proximity to London.

That closeness is now bringing substantial pressure on land for development, says Mr Whitworth. At Chafford Hundred, near Basildon, there is a proposal for 27 ha of housing, though only a small proportion of that is agricultural land, the remainder being worked out chalk pits.

Essex County Council, along with MAFF and the NFU will be among the objectors at a public inquiry on March 18 into proposals for 100 dwellings on 308 acres of Grade 3 land at Tillingham Hall. The ministry is also objecting to development proposals for 400 acres of principally agricultural land at Earlow, which, says Mr Whitworth is likely to be good quality land.

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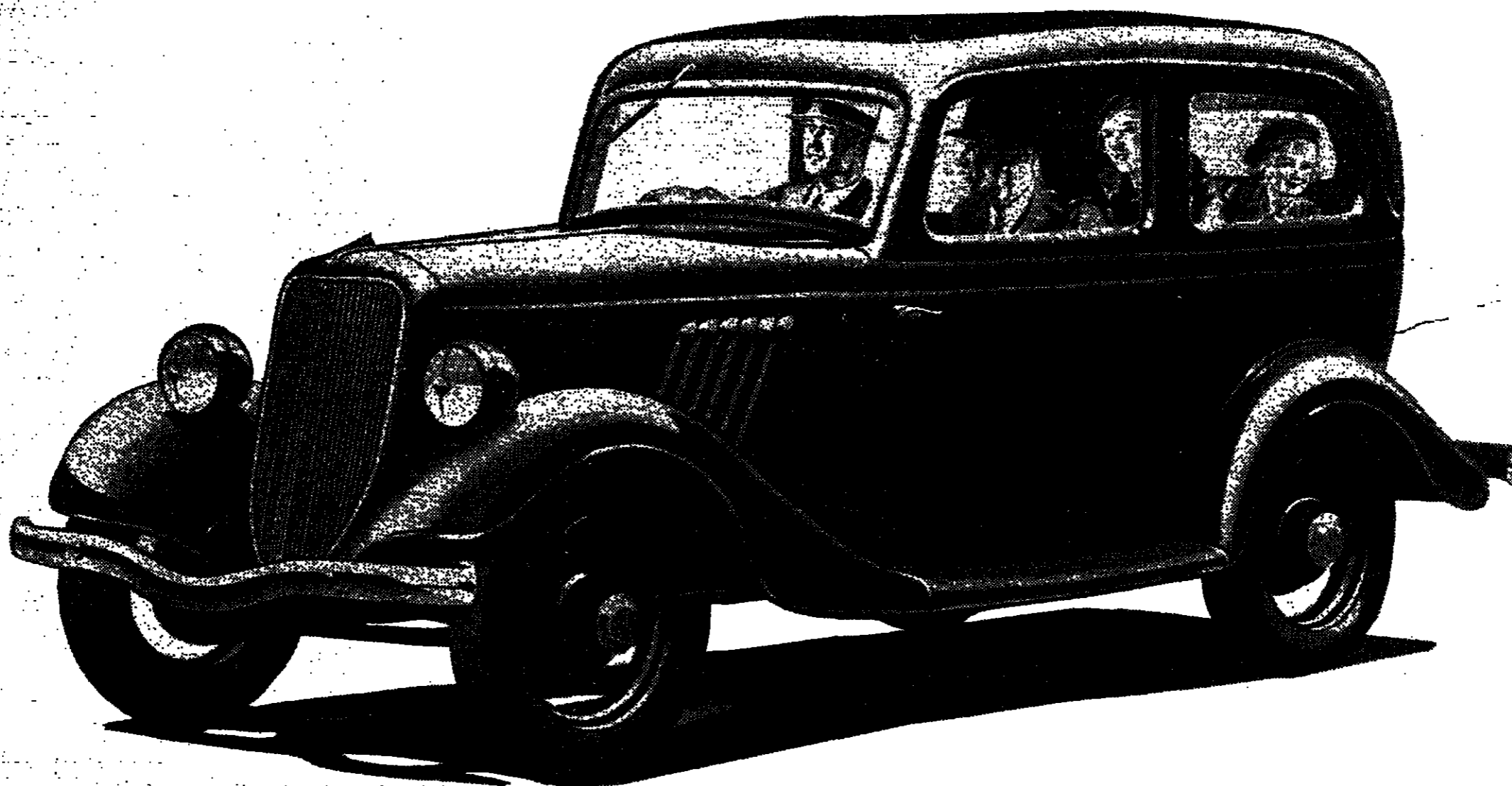
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MADE IN ESSEX.

In 1924 Ford bought 294 acres of land at Dagenham for £150,000 and a brand new factory began operations in October, 1931.

It was during the depths of the great depression – not a propitious time to start mass production of motor cars.

In fact, Ford sold only five vehicles in the first three months.

Happily though, by 1935 the Dagenham factory was humming away producing the first (and only) £100 saloon car. The Popular, a version of the 8hp Model Y.

During the war Dagenham built 360,000 fighting vehicles, from mobile canteens to Bren Gun carriers. It also gave tremendous support to British agriculture by producing 95% of all the wartime tractors made in Britain.

In the years that followed many famous family cars came off the Dagenham production line. Cars like the V8 Pilot, the Anglia, the legendary Cortina, Zephyrs and Zodiacs, the Fiesta and the Sierra.

As for Ford's tractor operation, this is now in Basildon and has become the biggest Ford tractor production centre in the world – exporting 80% of its output.

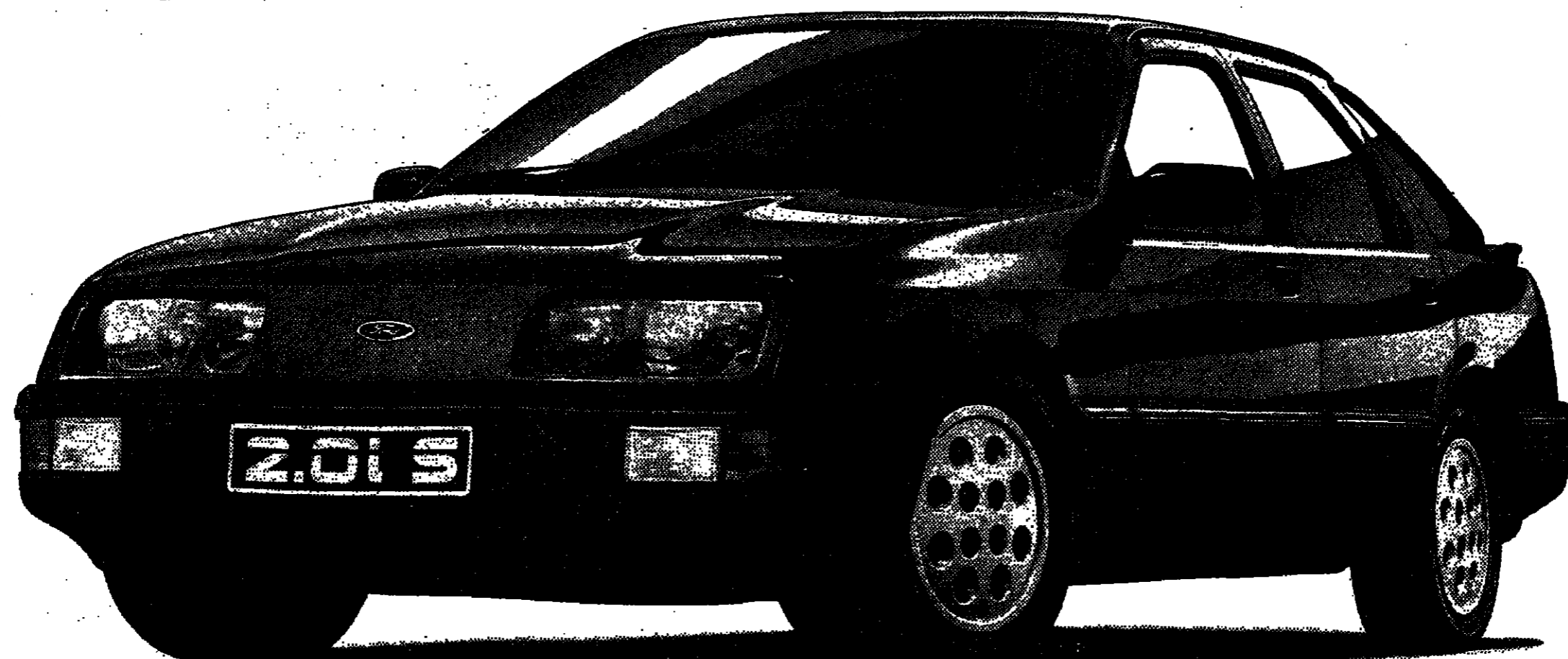
But few people are aware of the investment behind Ford's leadership in the UK market.

Since 1979 Ford of Britain has invested over £1,600m in manufacturing in the UK. And around £600m of this has gone into Dagenham.

About another £370m a year is being spent on product development in Essex.

So it's not surprising that in 1985 alone Dagenham produced over 370,000 engines and almost 170,000 cars – something Essex can be proud of.

Just as Ford is proud to have made a major contribution to the county's prosperity.



THE PROPERTY MARKET BY MICHAEL CASSELL

Trouble brews over Bentalls store plan

PLANS BY Norwich Union and Bentalls, the department store group, for a £10m redevelopment on the site of the retailer's Kingston upon Thames site are set to bring to a head a smouldering row between the board and a block of Bentalls family shareholders.

The redevelopment deal, which will provide around 600,000 sq ft of retailing space on the Kingston site, was announced last week. With around 57 per cent of the quoted store group's share capital held, mainly through trusts, by family interests, approval for the plan at the required extraordinary general meeting appeared to be a foregone conclusion.

But now a group of shareholders, who are locked in as beneficiaries of family trusts and who have become increasingly unhappy with the low returns on their investment, are considering attempting to frustrate the project in order to force action on their long-standing dissatisfaction with the group's performance.

The Grainger family interests, representing four brothers and nine children, have already, via solicitors, written to the trustees of the principal trust, voicing their complaints. Mr Christopher Grainger says he is gathering further support from

other trust beneficiaries, many of whom are shareholders in their own right. He believes, along with three other brothers and their nine children, it might be possible to gather enough shareholder support to wipe out the inbuilt majority on which the board is counting.

"We have had to live with a yield of 2 per cent, which is a very low return compared with the paper value of our investment. We want a higher income and improved security for our capital. The redevelopment basically represents a prolongation of the status quo, even if there is the prospect of higher income several years down the line."

"The latest deal may be good for the board but it does very little for the family. We do not necessarily believe it is in the best interests of Bentalls for family control to be maintained and were hoping that a takeover would be accepted as the best way ahead."

Mr Edward Bentalls, chairman and managing director of Bentalls, said he was aware of the complaints of a proportion of family shareholders but they were a minority. The redevelopment plan would play a major role in boosting the group's income and profitability. He was confident that the proposals would go ahead.

Sun Life sells to Speyhawk

SUN LIFE of Canada is selling the lease on its London headquarters, close to Trafalgar Square, to Speyhawk for over £10m.

Sun Life will move out to new headquarters in Basingstoke in 1987 and Speyhawk is planning a 90,000 sq ft refurbishment of the property, at 2-4 Cockspur Street.

An early planning application is expected. James Lang West-ton acted for Sun Life. Sinclair Goldsmith advised Speyhawk.

● **Riverside Investments**, part of Land Securities, has made further retail warehouse investments, totalling £25m. The company has acquired the Texas Homecare outlet in London's Edgware Road and leased it back at £6.25 a sq ft, while in Belton it has purchased the W. H. Smith Do It All store in Manchester Road and leased it back at £4 a sq ft. Riverside has also bought an MFI and W. H. Smith complex in Creetham Hill, Manchester, and has let at £4 a sq ft the recently completed, 24,000 sq ft Texas DIY store in St Mary's Road, Sheffield.

● **Barton Property Trust** has sold a five-unit shopping scheme in Kidderminster to Pensions Nominees for around £5m, rents total £225,000 a year. Edward Freeman acted for BPT and Debenham Tewson and Chinnocks advised Pensions.

Multiple ownership gets closer

THE prospect of a "property stock market," trading units in individual buildings, came a step closer this week with the publication of the long-awaited blueprint designed by a working party set up by John Barkshire, chairman of Mercantile House.

The report homes in on the creation of a Utilised Property Market and emphasises that providing legal formalities are met, it offers a way of making multiple property ownership more tax efficient. The working party also suggests that units should be priced on the basis of supply and demand, instead of being sold and repurchased by a management company on an underlying asset valuation basis.

All sorts of alternative unitisation methods have been mooted and this week's report takes a sideswipe at most of them. The Berkshire team touches, unkindly, on a couple of less familiar proposals conceived by the likes of American bankers or City solicitors.

● **Participating mortgages** — "used in the United States but not necessarily appropriate for the general public."

● **Multiple leaseholds** — "a hierarchy of leases; value is usually lost in the splitting of income."

Whichever route is favoured, there is no doubt that surveyors and other property oriented groups have been spending a great deal of time on examining the challenge of multiple ownership. The genre has grown in

credibility since the Royal Institution of Chartered Surveyors' own working party on unitisation published its consultative document last year. Many people then thought that unitisation was a pre-conceived solution. Mike Boggis, of Allied Dunbar Property Funds, a member of the RICS working party, says it was not. He had been considering the alternatives since 1982.

"In partnership with the Prudential of the US, we were in 1982 invited with others to participate in the \$400m syndication of 50 per cent of the Rockefeller Centre. The deal did not go through but it led me into thinking about what a small share in a big building could be worth." The Rockefeller complex has since formed the centrepiece for perhaps the most spectacular piece of real estate unitisation seen anywhere in the world.

A year ago, unitisation was being seen as the way to fund City of London office blocks designed to accommodate "big bang" participants and their high-tech support systems. This year, the formula is also being linked with the regional or "supra-regional" shopping centres planned for motorway locations around the country.

Institutions, the theory goes, will jib at putting £20m into a single development but will happily put £5m each in four. Smaller funds will have some choice, rather than none.

Robin Broadhurst, a team member and City investment partner with Jones Lang Wood-

ton, may well get the discussion going with this week's remark that there is no proposal for annual valuations of the single properties which are to be unitised.

There is intellectual courage in this. Standard property valuations have been under fire because they are so infrequently seen to be tested in the market. Broadhurst says that single property units will be valued at the price at which they are traded — the trading operation supported by a detailed annual report to unitholders and, more than likely, any number of estimates from stockbrokers' analysts.

Tim Simons, from Savills, says that discussions with the British Property Federation, the RICS and the Department of Trade and Industry had given room for encouragement and supported the view that the working party report was along the right lines.

Peter Green, of the Prudential, commented: "If we were doing a £150m to £200m building in the City we would be delighted to hold 20 per cent of the units. If we were going to put £10m a year into inner city regeneration, we would rather spread it over a number of projects." Comments like these seem certain to ensure that a system of unitisation is on its way. Its precise form and just how popular it becomes, only time will tell.

WILLIAM COCHRANE

WICO backs new US investment vehicle

WICO, Galloway & Pearson, the City of London stockbrokers, are offering for sale, by private placing, up to 5m units of \$10 each in American Realty Venture, a new venture capital property trading vehicle.

ARVCO has been set up to take advantage of what its backers see as special opportunities for establishing a property foothold on the west coast of the US, where most of its activities will be concentrated. Proposed directors of the company are Thomas Wilson, chairman and senior partner of St Quintin, the estate agents, and Alan Carter, an analyst at WICO.

The new vehicle says its potential lies in exploiting some of the weaknesses now apparent in the west coast real estate sector, namely an oversupply in the office sector, tax changes which threaten the all-powerful syndicators and the fact that many investments are financed by short-term debt.

The team says that US property in future will no longer be the domain of tax specialists but of property investors and advisers; that the non-prime investment market is very much in favour of the buyer and that US pension funds are increasingly hungry for prime real estate.

ARVCO, through its US vehicle Pacific Property Fund I, intends to buy non-prime, improve it to prime status and sell

it on to US institutions for a juicy profit.

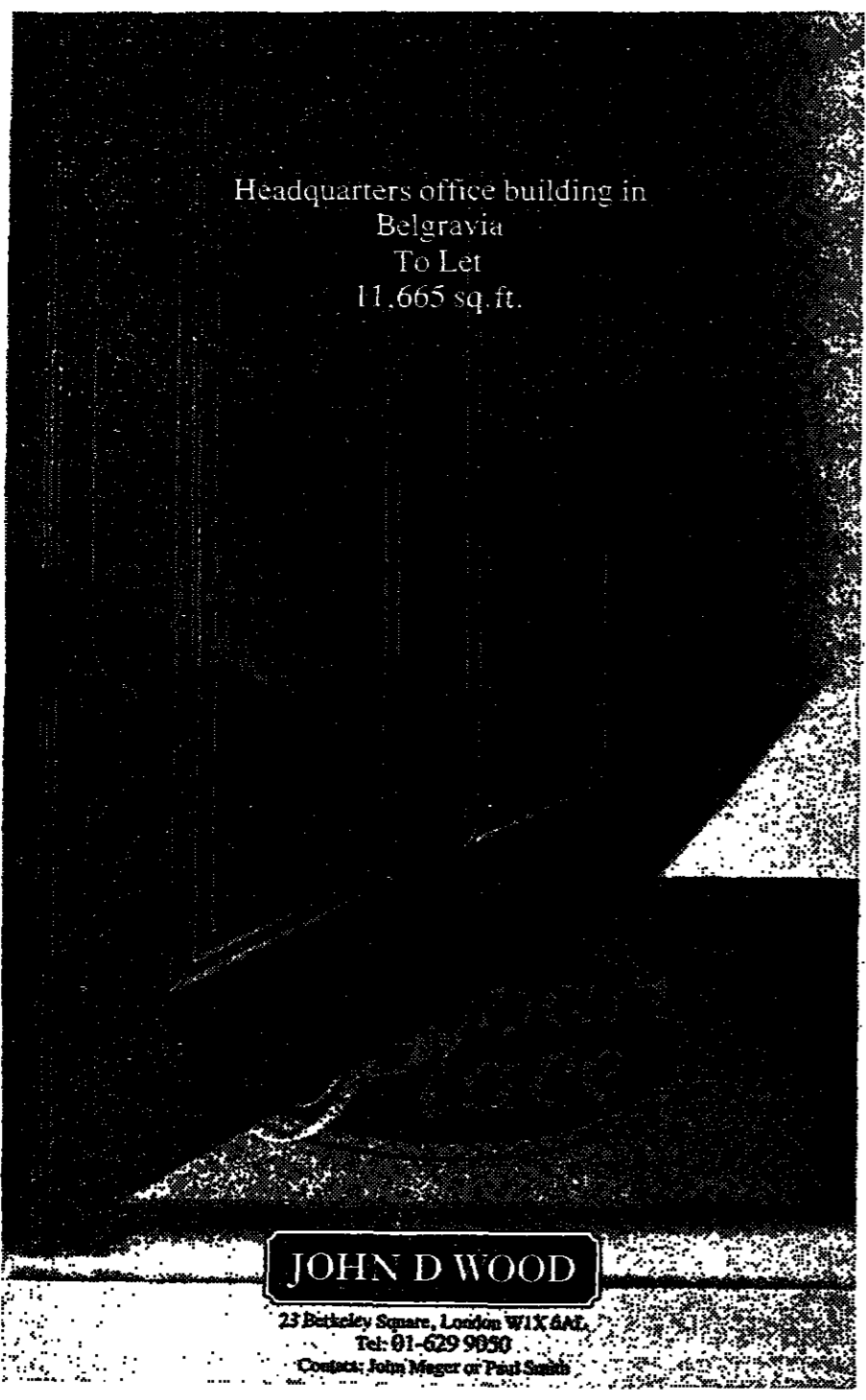
The advisers include Donald R. Holcher, a partner in Rosenberg Real Estate Equity Funds, one of the largest US pension fund real estate investment advisers, and David Sherwood, a former St Quintin and Barclays man and now an independent real estate investment consultant. They all say a "value gap" has appeared, between institutional and non-institutional US property, which they first spotted early last year.

So why do the US institutions not develop their own product? They have to consider the ERISA (Employees Retirement Investment Securities Act) legislation, said Mr Holcher this week, "under which, if they make high-risk decisions, trustees and pension fund administrators can be held personally responsible for the results."

The fund will be going after the top 200 US pension funds with west coast and western locations like Seattle, the Californian major cities, Denver and Phoenix. "We're not looking to go into Denver to buy a \$70m skyscraper in need of tenants."

"For \$10m," he adds, "you can get a good-sized community shopping centre (100,000 to 250,000 sq ft), a garden office building of 60,000 to 100,000 or a good scale modern industrial development."

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TECHNOLOGY

Maurice Samuelson on an £8m alternative energy project that has run into trouble

Oil from tyres plant hits large scale problems

THE HECTIC quest for cheap, unconventional sources of energy has left a trail of disappointments as well as achievements.

The disappointments now appear to include the world's first commercial scale plant for making oil from old tyres by pyrolysis, the process of breaking down a material into its component parts by heating it in the absence of air (described elsewhere on this page). It was a product not only of the oil crisis of the 1970s but of the widespread interest in raw materials recovery launched in the previous decade.

Opened only two years ago at Walsall, near Wolverhampton, the £8m plant has not operated continuously and seems to have little immediate prospect of doing so.

Meanwhile, Tyrolis, the company formed to run it, has begun legal action against the plant's constructors, Foster Wheeler Power Products, a UK-based subsidiary of the US Foster Wheeler engineering group, which is also among the 20 or so shareholders in Tyrolis.

Foster Wheeler has yet to reply in detail, but says the action will be "vigorously" defended.

Judging by some of the company's complaints, Tyrolis offers a classic example of the hazards of scaling up an apparently successful pilot scheme to the commercial scale. Says one Tyrolis director: "It's the plant that does not work — not the process."

Originally due to have been on stream in 1984, Tyrolis would have treated 50,000 tonnes of scrap tyres a year, producing 20,000 tonnes of light fuel oil, 17,500 tonnes of carbonaceous solid fuel and 7,000 tonnes of steel scrap.

Although the plant has produced some oil by pyrolysis in temperatures of more than 500 deg C continuous operation has been prevented by its failure, despite 10 trials, to ensure the smooth flow of all the other associated materials through its complicated handling phases.

Tyrolis says the contractors have carried out no work since last October. All but 14 of the 50 employees have been laid off. To cut its losses the plant is still shredding tyres, but sells them as solid fuel to the cement and chemical industries.

Tyrolis's complaints include criticism of the plant's "quench" system for condensing vapourised rubber into oil and its magnetic system of extracting the metal scrap from the other residue. It alleges that the "char" is still burning when it leaves the reactor and therefore causes unacceptable levels of pollution.

The plant was also intended to recycle some of the combustible gas produced during pyrolysis, thus drastically cutting its energy bill. But as it allegedly never worked at much more than 30 per cent of its rated capacity, insufficient gas built up at the head of the reactor and the operators had to heat it up with fuel oil.

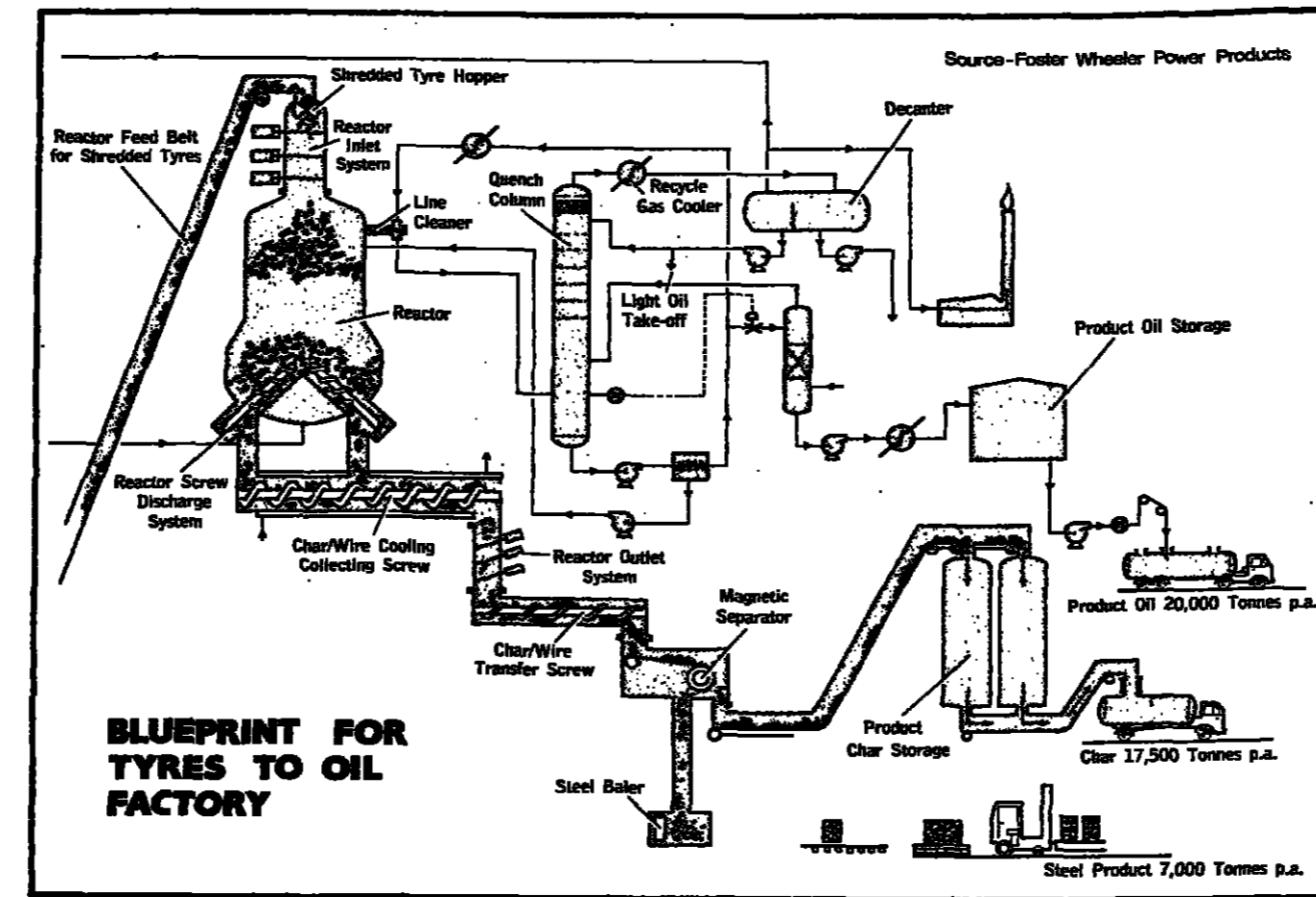
The biggest difficulty, though, lay in the separation and removal of the heavy carbonaceous "char" and steel left behind after the distillation of the oil in the reactor. The "char" was to have been sold to power stations as a substitute for coal. The steel would have been sold as scrap.

Right from the outset, it was recognised that the handling of these heavier materials rather than the "pyrolysing" of the tyres would present the main technological challenge. This area was dealt with intensively by the Department of Industry's Warren Spring Laboratory, Hertfordshire, whose pioneering technology led to the Tyrolis company being formed.

A document prepared by Foster Wheeler Power Products explained that the commercial plant was to have consisted of three main stages—

● The incoming tyres are fed into a knife mill and, after screening, the sliced pieces are fed into the top of the reactor through a series of valves.

● After passing through valves into the pressurised reactor, the raw material would be heated by hot oxygen free



THE CHASE TO RECLAIM FUEL FROM WASTE

FOR MORE than a decade, scientists in Britain and other countries have been working on the reclamation of fuel from petro-chemical products, such as used plastic or rubber, which would otherwise be discarded as waste.

They have attempted to do so by pyrolysis, the process whereby materials are broken down into their constituent substances by being heated in the absence of air. Organic materials treated in this way can be broken down into coal-like "char," hydrocarbon oils and gases, all of which can be used as fuel.

The greater the calorific value of the waste material, the greater the incentive for being able to harness it as fuel. Although pyrolysis is used for producing charcoal and industrial alcohol from wood, it is thought to have few other commercial applications.

In Japan and West

Germany, scientists have specialised in pyrolysis of plastics.

In Britain, some of the main work has been carried out by Government scientists at the Department of Industry's Warren Spring Laboratory, Hertfordshire. Although they have examined the problems of treating plastics and textiles, their main efforts have concentrated on pyrolysing household waste and tyres.

Tests at Warren Spring have shown that up to 40 per cent of the calorific value of household garbage can be converted into a gaseous fuel similar to the old town gas, that is, about 35 therms of gas per tonne of waste. The laboratory developed a process of treating waste for which an exclusive licence was sold to Foster Wheeler Power Products.

In 1974, the Warren Spring scientists also started work on producing oil, gas and solid

fuels by pyrolysis of rubber. The pilot programme was sponsored by Batchelor Robinson Metals & Chemicals, a metals recovery concern. It involved treatment of some 500 tonnes of scrap tyres and produced data for the design of a full-scale treatment plant.

About five years later, a new company, Tyrolis, was set up by Foster Wheeler Power Products and Leigh Interests, the Midlands waste handling specialists, to exploit the process commercially.

Unlike Warren Springs' work on pyrolysis of household waste, the work on tyres was not patented since it was regarded as merely an extension of existing technology.

It had embraced not only the heat treatment of the tyres but also the considerable difficulties of discharging the solid materials from the reactor in which the pyrolysis took place.

Boost to artillery's efficiency

BY LORNE BARLING

IF EVERY artillery shell fired could find its target, much higher-priced shells would be acceptable and even preferable, given increasing financial pressures on defence spending.

Such a shell, guided by a miniaturised infra-red system in the nose, has been developed by Hymatic Engineering of the UK and production is being planned.

Hymatic, an aerospace and defence company, has seen its turnover rise from less than £1m a year in the early 1970s to a current £14m. It has benefited from long-term research in the crucial area of military guidance systems. Redditch-based, it is part of the thriving Flight Refuelling Group, and much of its recent growth has been derived from the supply of infra-red detector systems for missiles such as the European Sidewinder and Milan anti-tank weapon.

For many years, Hymatic has been a leader in the design and manufacture of components for thermal imaging systems, based on the Joule Thomson effect to provide cooling for low-temperature detectors.

The coolers are miniature precision units by which a complex relationship of thermo dynamics, fluid flow, heat exchange and control are able to convert pure high-pressure gases to liquid at very low temperatures.

This provides the low temperature necessary for infra-red detection of heat sources and when linked with a missile actuation system, will guide it accurately to its target. The company has just completed making 12,000 of these super-coolers for the Sidewinder anti-air missile.

Hymatic has now developed a tiny version for artillery shells. It can be manufactured in volume at about one-tenth of the cost of earlier systems, due to new design, alloy and plastic materials and automated manufacturing techniques.

The company is likely to participate in the American Strategic Defence Initiative (SDI), according to Mr Peter Smith, special projects director, since the recently signed memorandum of understanding with the UK, identified thermal imaging as one of the areas in which British technology is equal or better than that in the US.

However, according to Brian Longbottom, Hymatic's managing director, it is the micro-

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mechanical aspect of the company's future which is creating new challenges, both in design and production terms, although these are increasingly integrated.

The company's engineering capability is already highly developed and many of its products are close to state-of-the-art. Therefore the prospect of mass-producing mini-coolers for shells and other munitions, such as bombs and small missiles, presents an exciting opportunity.

The company says that automation was the natural route for efficient assembly of this kind of product, but special problems were present, since some work could only be carried out manually with the aid of a microscope.

Hymatic is already highly computerised in terms of pro-

duction, with wide use of advanced machine tool systems. This has been essential to achieve flexibility for small production runs. The company believes that high volume production of micro-mechanical products is technically possible and that in coming years they will be a major contributor to increased turnover.

The artillery shell system is expected to provide longer term work for the company, running alongside its other mainstream activities which have widened considerably from traditional air compressors to high technology aircraft and defence components.

Most products involve fluid control technology, increasingly in the form of "gas batteries" which provide instant energy when pressurised gas is released from high strength metal containers.

These are widely used in applications such as emergency actuation systems for undercarriages on major projects like the Tornado, Harrier and Hawk aircraft.

At present a large proportion of the company's work relates to those projects,

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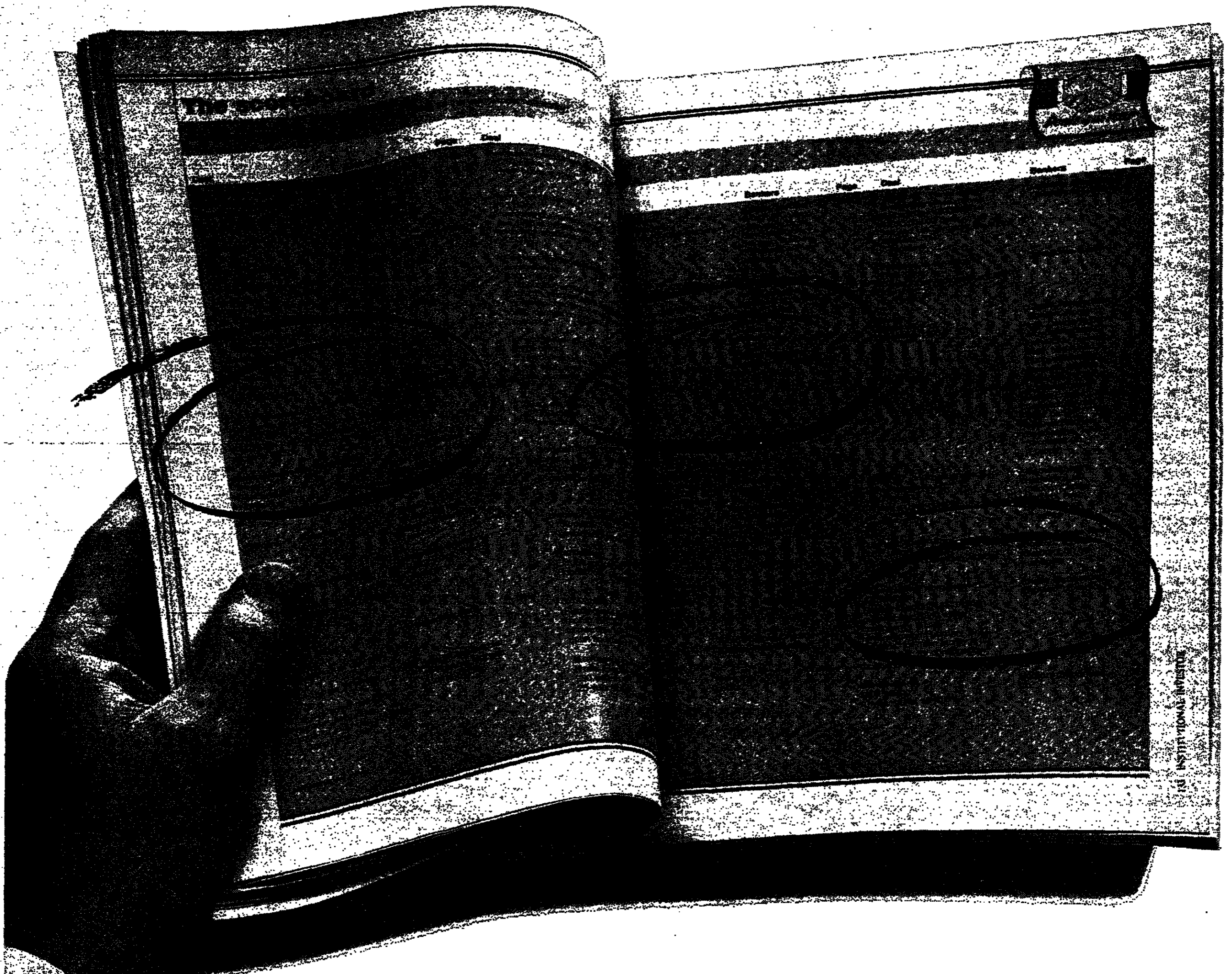
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We were going to tell you what a banner year we had at Chase Investment Bank, but somebody else beat us to the punch.

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For example, the Woodside Deal, the largest project loan of 1985. In *Institutional Investor*, Woodside's officer said, "on a loan this big and prominent, there aren't that many banks with which we'd feel comfortable, but Chase is one of them."

The Norsk Hydro deal, which we co-led with Merrill Lynch, the first pure Euro-commercial paper offering. In *Institutional Investor*, the Norsk Hydro deputy director of finance called it "a bold move...[that] established a market that seems here to stay."

And in another first, the China International Trust and Investment Corp deal, Chase led the first Hong Kong dollar bond for the People's Republic of China.

According to *Institutional Investor*, no

other investment bank had more noteworthy accomplishments last year than Chase. In fact, after reading their account, you might conclude Chase Investment Bank is getting to be a pretty big deal itself.

But we didn't say it. They did.



THE ARTS



Exhibitions

LONDON

The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal galleries of Burlington House until March 31 (sponsored by National Westminster Bank). A truncated version has already been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major artists, but it also exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and whatever he achieved in position and accomplishment was by effort and determination.

PARIS

Homage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned

coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles, Ends March 31 (42712618). Rembrandt's engravings: Engravings from the Dutch collection represent Rembrandt's intimate world, his family, his friends, even shopkeepers and beggars. Every subject interests him, from biblical scenes to the most varied expressions of his own face, from a portrait of a philosopher to an image of a couple making love. He experiments endlessly with the technique of etching, with different types of paper until he achieves the same strength of artistic expression in engravings as he does in paintings. Petit Palais, Closed Mon, Ends April 20 (42631237).

Vienna 1884-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a fin de regne is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou, Closed, Tue, Ends May 3 (42771233).

From Rembrandt to Vermeer. 60 chefs d'oeuvre on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais, Ends June 30 (42615410).

Diego Giacometti: first exhibition showing the works of a sculptor-cum-designer of furniture, mostly in bronze with animal ornamentation. Musée des Arts Décoratifs, 107 Rue de Rivoli, Ends Apr 13 (42603214).

WEST GERMANY

Düsseldorf: Städtische Kunsthalle, Grabbeplatz 4; Gerhard Richter, a retrospective of 120 oil paintings of the East German artist, who has lived in Cologne since 1983. The works cover 1962 to 1985. Ends March 16.

Hanover: Sprengel Museum Kurt Schwitters Platz; Kurt Schwitters (1897-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings, assemblages, collages and sculptures. Ends Apr 20.

Stuttgart: Staatsgalerie, Konrad-Adenauer-Str. 30-32; German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1985-85 by 50 artists. Ends Apr 20.

ITALY

Venice: Museo Correr, 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, includes Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.

Venice: Palazzo Fortuny; two photographic exhibitions on 19th century photographers and Daguerrotypes from the Ruskin collection. This is the first time that material Ruskin collected in Venice between 1845 and 1856, which comes from the Ruskin Gallery in the Isle of Wight and the Coniston Museum, has had a worthwhile exhibition. Also included are 16 photographs of Verona and several of Florence, Siena, Lucca and the Alps. Ends March 30.

Florence: Museo Nazionale del Bargello; Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatello's museum owns, of which only six are of absolutely

certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome: Museo di Palazzo Venezia (via del Plebiscito entrance); Fausto Piandello (1921/1976): 150 works by the son of the playwright Luigi Piandello. Particularly interesting are the series of pencil self-portraits from 1921 and the later group of curiously foreshortened nudes. A remarkable artist, but one whose works convey a sense of intolerable and unresolved anguish. Ends Mar 23.

NETHERLANDS

Haarlem: Teylers Museum; Survey of French 18th-century graphic art illustrating the new processes developed to capture painterly effects in etchings and engravings and meet the demand for reproduction prints. Ends Apr 6.

SPAIN

Madrid: Modern masters from the Thyssen-Bornemisza collection gathers 114 works from French Impressionism to North American abstracts: Cézanne, Gauguin, Matisse, Monet, Toulouse-Lautrec, Degas, Renoir, Pissarro, Sisley, Van Gogh, Picasso, Juan Gris, Braque, Leger, Bonnard, Chagall, Kokoschka, Kandinsky, Rothko, De Kooning, Bacon, etc. Sala Picasso, Biblioteca Nacional, Paseo de Recoletos 20. Ends Apr 6.

Madrid: "Max Ernst": A vast retrospective of master of surrealism on show for the first time in Spain gathers 125 works of his early Dada, frottages, collages and later stages: surrealist works up to his death. On loan by the Moma, Centre Pompidou, Guggenheim and Moma centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundacion

March, Castello 77. Feb 28 to April 27.

VIENNA

The hundredth anniversary of the birth of Austria's greatest modern artist, Oskar Kokoschka sees special exhibitions all over the country during the next weeks. About 40 of his city views will be on show at the Applied Arts Museum in Vienna to April 2. Another 120 Kokoschka works including oil paintings can be seen at Wurthli Gallery in Vienna until April 19. His controversial play Murder, Hope of Women, described as the first expressionist play, will be performed at the Applied Arts School from March 15 to 19. Several films and seminars about his work and life have also been arranged in Vienna. Other exhibitions of drawings and paintings will follow during the summer in his home town of Pöchlarn, and in Graz and Salzburg.

NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Fransceschis. Ends May 1.

Asia Society: More than 75 sculptures illustrate the five-century long era of the Kushan dynasty in India, when Greek and Buddhist influences were first evident in the country's art. Ends April 6.

Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architecture, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1929 Barcelona Exposition. Ends Apr 15. New York Public Library: Titles of Japan, based on the little-known but extensive library holdings in Japa-

nese art, presents 130 scrolls, albums and prints covering eight centuries of Japanese popular and religious works. Ends Mar 25.

WASHINGTON

Hirshhorn: The eight contemporary American artists in the Directions series include a light installation made for the show by James Turrell and major pieces by Frank Stella and Robert Morris. Ends Mar 30.

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building, Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

TOKYO

Masterpieces of Karatsu Ceramics: One hundred antique bowls, jars and vases of 18th-century Korean-influenced ware from Kyushu, the large Japanese island nearest Korea. Karatsu is made from sandy, iron-bearing clay and decorated with glazes of dark brown iron and ash and white. Turned by hand, they possess a rustic, warm quality and are extremely attractive. Idemitsu Art Gallery (9th floor of Kokusai Building, Marunouchi, near Ginza and main hotel). The museum also offers a quiet tea room and excellent views over the oasis at Tokyo's heart, the attractive moat and greenery around the Imperial Palace. Ends Mar 16. Closed Mon. Masterpieces of 19th-century German paintings from the National Gallery in Berlin: 64 works by modern artists including Casper David Friedrich and Wilhelm Leibl.

Opera and Ballet

NETHERLANDS

Amsterdam: Staatsoperbouw. New production of the Marriage of Figaro (in Italian) from the Netherlands Opera directed by Rhoda Levine, with the Netherlands Philharmonic and the Opera Choir conducted by Hartmut Haenchen. Jake Gardner as Figaro, and Sylvia McNair as Susanna. (Wed), (242311).

ITALY

Milan: Teatro alla Scala: Die Frau ohne Schatten conducted by Wolfango Zedlitz and directed by Jean-Pierre Ponnelle, who also designed the scenery and costumes. Eva Mariotti, Brigitte Fassbinder and Harlan Walker. This is the first time the opera has been produced in Italy. (809126).

Rome: Teatro dell'Opera: The Barber of Seville conducted by Marcello Fanni and directed by Antonio Fazio. A pleasant but conventional production with scenery and costumes by Roberto Laguna (481755).

Trieste: Teatro Comunale Giuseppe Verdi: one opera, Volò di Notte with music by Luigi Dallapiccola based on Antonio de Saint-Exupéry's Vol de Nuit. Genoa Opera production, directed by Vera Bertinetti, and conducted by Wolfgang Ranzani. Also a new ballet with choreography by Tuccio Rigano to music by Dallapiccola. Wolfgang Ranzani conducts and the scenery and costumes are by Antonio Mastroianni. (831949).

Turin: Teatro Regio: Idomeneo conducted by Zoltan Pesko and directed with scenery and costumes by Jean-Pierre Ponnelle. (548000).

Naples: Teatro di San Carlo: Simon Boccanegra conducted by Daniel Oren, with Renato Bruson (who also directed), Ileana Cotrubas, Luis Lima and Nicolai Ghilaurov. The scenery and costumes are by Thea Tegen. (41699).

Parma: Teatro Regio: Lucia di Lammermoor with Alfredo Kraus, Angelo Campori conducts and the scenery and costumes are by Pier Luigi Samaritani. (795678).

SPAIN

Madrid: Ballet Nacional de España. Spanish Ballet. Guest star is Merche Esmeralda, a good exponent of this very special Spanish type of dancing. Teatro Monumental, Atocha 63. (2394014).

VIENNA

Saaloper: Elektra, conducted by Klaus Huber with Ludwig Jochims, Lotte Rysanek. La Fille mal gardée, conducted by Richter (5242/2535). Volksoper: Das Land des Lächelns conducted by Bibi. La Bohème; Weber's Schwanda, Der Dudelsackpfeifer. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): The week features the premiere of Sir Peter Hall's production of Carmen conducted by James Levine with Maria Wring in the title role, Catherine Malfitano as Micaëla and Plácido Domingo as Don José. It joins the repertoire of Simon Boccanegra with Anna Tomowa-Sintow as Amelia and Sherill Milnes in the title role conducted by Myung-whun Chung. Falstaff conducted by James Levine and Francesca da Rimini conducted by Nello Santi with Renata Scotta in the title role. Lincoln Center (8654000).

New York City Opera (NY State Theater): The company's first musical comedy season kicks off with five weeks of Lerner and Loewe's Brigadoon, conducted by Paul Gemignani in Gerald Freedman's production. Ends Mar 30. Lincoln Center (8705570).

Music

LONDON

Huddersfield Choral Society and Royal Philharmonic Orchestra conducted by Gwain Arwel Hughes with Felicity Lott, soprano, Sarah Walker, mezzo-soprano, Malvern Davies, tenor and Benjamin Luxon, bass. Handel's Messiah. Royal Festival Hall (Mon), (9283191).

Rodrigo Festival: Bourne-mouth Sinfonietta and The Renaissance Choir, conducted by Raymond Calcraft. Rodrigo, Falla and Copland. Queen Elizabeth Hall (Mon), (9283191).

Philharmonia Orchestra conducted by Carlo Maria Giulini with Kathleen Battle, soprano, and Renato Bruson, baritone. Franck and Fauré. Royal Festival Hall (Tue).

London Symphony Orchestra conducted by Eduardo Mata with John Lill, piano. Gluck, Brahms, Mussorgsky. Royal Barbican Centre (Tue), (6388891).

PARIS

Edda Moser recital (Mon). Théâtre de l'Athénée (47426727). Ensemble Orchestral de Paris conducted by Yan Pascal Tortelier. Mariella Nordmann, harp, David Germain, cello. Dvorak, Liszt, Beethoven, Haydn (Tue). Salle Gaveau (46826737).

Anne Quilès, piano: Chopin, Scarlatti, Beethoven (Wed). Salle Gaveau (45832938).

Orchestra de Paris conducted by Leinhardt with Dietrich Fischer-Dieskau; Mahler (Wed, Thur). Salle Pleyel (45510630).

Orchestra National de France conducted by Vaclav Neumann. Julia Varday, soprano; Liszt, Mahler (Wed, Thur). Théâtre des Champs Elysees (47234777).

WEST GERMANY

Frankfurt. Aho Oper: Martha Argerich and Nelson Freire (piano duo); Mozart, Brahms, Rachmaninov, Debussy and Liszt (Mon).

The Milwaukee Symphony Orchestra, conducted by Lukas Foss and pianist Ivo Pogorelich, Prokofiev and Brahms (Wed).

Berlin. Philharmonie: Berlin Philharmonic, conducted by Claudio Muter. Mendelssohn and Bruckner. Soloist is Leon Spletzer, violin. (Wed).

ITALY

Florence: Teatro Comunale: Bach's Well-Tempered Clavichord; Andras Schiff (Tue and Wed), (3775238).

Rome: Oratorio dei Confratoni (Vicolo della Scimia 1/B - Via Giulia): The Chamber Orchestra of Paris Music from the Middle Ages to the Baroque period. (Thu), (965952).

Rome: Teatro Olimpico: (Piazza Gentile da Fabriano): Pianists Nikita Magaloff and Michel d'Alberto. Chopin, Gungl, Debussy and Bizet (Wed), (393194).

Rome: Auditorium via della Condottarione: Soprano Margaret Price. Brahms, Berg and Stravinsky (conducted by Giuseppe Sinopoli). (Mon and Tue), (6641044).

NETHERLANDS

Amsterdam. Concertgebouw. Mosche Atzmon conducting the Netherlands Philharmonic, with Isabelle van Keulen, violin, Bertoz, Saint-Saëns, Ravel (Tue), (718345).

Rotterdam. De Doelen. Arie Kaptein, organ, and Gerard Heijmans, violin. Bach (Mon). Edo de Waart conducting the Rotterdam Philharmonic. Bruckner (Thur). Recital Hall: Schubert recital performed by Robert Hill, bass, accompanied by Konrad Richter (Wed), (142911).

Utrecht. Vredenburg. St Matthew Passion performed by the Utrecht Student Orchestra and choir and soloists conducted by Richard Bam (Mon, Tue). Mosche Atzmon conducting the Netherlands Philharmonic, with Isabelle van Keulen, violin. Berlioz, Saint-Saëns, Ravel (Thur). Recital Hall: Orlando Quartet. Mozart, Beethoven (Tue). Hoffmeister Quartet. Mozart (Thur), (314544).

SPAIN

Barcelona. Ensemble Clement Janquin and Les Segouiniers de Toulouse. Gabriel, Schmidt and Schubert (Tue); Münchener Camerata. Mozart and Hindemith (Thur). Church St Maria de Jesus de Gracia, Gracia 8. (301111).

Madrid. Maria Jose Pires, Portuguese pianist. Schumann, Debussy, Mozart and Beethoven (Wed); Spanish Orchestra y Choir RIVE conducted by Ferdinand Leitner. Rachmaninov (Thur). Plaza Isabel II. (2483875).

Madrid. Midday concerts Monday: Organist Amalino Serra and Enrique Bruckner (Thur), (2358111).

Daniel Barenboim's new festival Orchestra Hall: All Beethoven programme (Tue), (2358111).

TOKYO

New Japan Philharmonic, conducted by Seiji Ozawa. Saint Francis of Assisi by Ottavio Messana. Tokyo Cathedral. (Wed, Thur), (9458144; 5711888).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting. Haydn, Bruckner (Thur), (2358111).

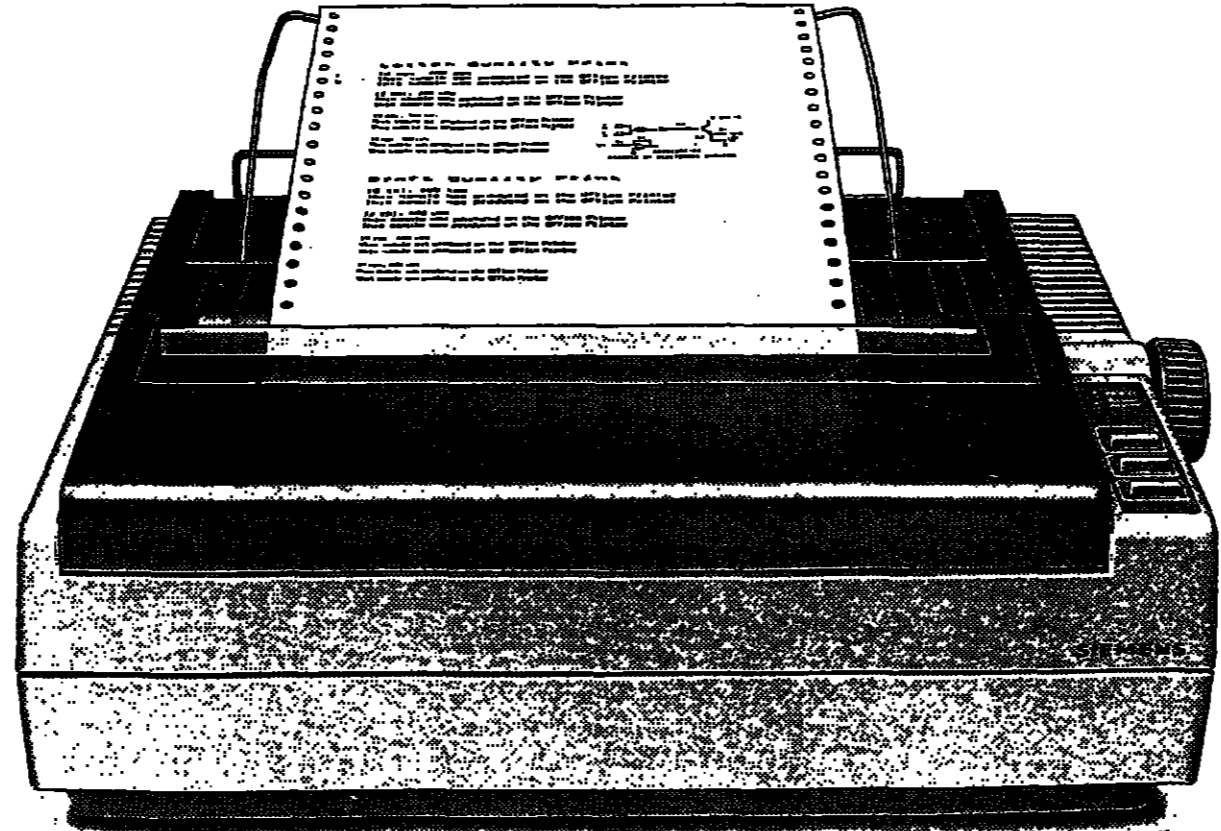
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Continued on Page 21

THE ARTS

Cinema/Nigel Andrews

A cod-colonial 'Love Story' in Africa

Out of Africa (PG) Empire... Screen On The Hill, Gate Notting Hill... Detective (13) Camden, Plaza, Metro

"I had a farm in Africa, at the foot of the Ngong hills..." No book ever opened more simply and hauntingly than Out of Africa.

Karen Blixen's autobiography-cum-travelogue-cum-epic is a work of such unforced, elusive greatness that it has kept its readers as if ever since it was published (1937). Now, through the persistence of producer-director Sydney Pollack (of Tootsie and The Electric Blue Horseman) and the bankability of stars Robert Redford and Meryl Streep (who can't seem to get on together), Out of Africa has hit the screen.

Hit it? Well, not really. More fallen on its face from a great height and splashed all over it. The usually impeccable Blixen (aka Ina Dinesen, the Danish-born author of Seven Gothic Tales) would surely smile hugely at the spectacle of Hollywood turning a masterpiece of crystalline wisdom and poetry into a sprawling, sentimental love story which could as well, for the most part, be about Armand and Michèle Denis as about Karen Blixen and the great love of her African life, the hunt.

In 50-odd minutes we whizz through the necessary story settings-up: Karen's marriage to Baron Bror Blixen (Klaus Maria Brandauer) in Denmark; the Blixens' buzzing off to Africa to take up coffee farming; the first encounter with the male chauvinist world of colonial Kenya, epitomised by the famed Muthaiga Club. And then, allowing for one or two minor interludes in which scenes or details from the book itself appear—the native boys agast at Karen's cuckoo clock, the culinary miracles of the young Kikuyu servant Kamante—we are off into a long, sappy, fabricated romance between Karen Streep and Robert Redford.

The movie's romantic centre-piece is a safari deep into the bush. Daytime encounters with lions and elephants alternate with night-time conversations & dew, intimate but high-toned.



Scene from Kurosawa's "Ran"

over a white-tablecloth-and-wine dinner under the stars. (We have not seen such cod-colonial safari nights since Carry On Up The Jungle.)

Tension grows between the couple because Streep-Blixen cannot understand Finch Hatton's flirting attitude to love. She wants permanency and marriage; he wants to be free to love her from choice, not contract.

We (the audience) wish at several points during 2 1/2 hours of watching Blixen's Redford's flirting attitude to love. She wants permanency and marriage; he wants to be free to love her from choice, not contract.

But what can we — or the film — do about Redford?

There is no hint of a British accent — perhaps he is related to the little-known Finch Hattons of Santa Monica? The rootless, flaxen-haired Calahad he presents (the real Finch Hatton was tall, thin, English and balding) is as inexplicably modern, American and shiny-charismatic as the Coca-Cola bottle which fell from the skies into the midst of an African tribe in The Gods Must Be Crazy. No wonder Miss Streep takes him for a god: the African tribe did the same with the Coca-Cola bottle. What human beings do not understand they often defy; what they do understand they merely nominate for 11 Oscars.

Kurosawa's "Ran" is a 70-year-old warlord, Hidetora (Tatsuya Nakadai of Kagemusha), who in strife-torn 16th-century Japan leads his clan to the realm of the eldest of three sons. Only the youngest son protests against this gesture as a willful old man's folly; Cordelia-like, he is banished.

With the difference that Shakespeare's three daughters have changed sex, Ran closely follows Lear. There is a Kent, a Fool, a storm scene, a "poor Tom" and a tragic last-act convergence of emotion and death. The lack of Gloucester subplot is made up for by the prancing, keening cruelty of the film's leading lady, Hidetora's daughter - in - law (Mieko Harada). This lily-white Gorgon with the sweetest simper and high-flying pencil eyebrows re-

joices in severed heads and sudden death; undoubtedly she drinks blood for cocktails. Her own demise is apt and unforgettable: a giant spray of blood against a white wall as sword cleaves the air and an unseen neck is severed.

But Ran is never merely a splatter movie for the art house. The long central battle scene, with Hidetora hunted by his own sons in a smoking, swirling, voyeuristic, sudden squawks while his followers fall to hail- ing arrows or the puff of muskets, is played like a danse macabre. Sombrely mesmeric music draws all but the keenest sound effects until the music suddenly and abruptly clears — like the smoke itself — to show Number One son toppled from his horse by the thump of a bullet, a flower of blood spreading in his back.

There are only two major disappointments in the film. The mad scenes — Hidetora and his Fool amid white flowers on the mountain slopes — seem winsome and sentimental in Kurosawa's hands. (The Fool, played in quipping falsetto by a female impersonator called Peter, is clearly an acquired

condensed score and far more exciting, that seems to contain more than its share of the music. On the opening page the music moves from darkness, suddenly, accelerating, into light, and stays there. It has a joyous movement, exuberant, lyrical, that is always free of redundant gestures, most often by an urgent rhythmic logic. It is in many ways the work that we were waiting for from Saxon: the first major dramatic explosion, uninhibited and exhilarating, from a talent that has been restrained, self-contained, for too long. I look forward to hearing it again soon: the piece would be a worthy addition to the Sinfonietta's regular repertory.

As well as Messiaen's instrumental hymn to the birds of Japan, Cent Huit and Let's Go, Dallapiccola's wartime caposolo for pianos, harps, percussion and choir, Conti di Frigonia, the London Sinfonietta presented two new works of the medium, but with little else. The means and theories employed to produce this kind of music are often different: but one virtuosic catalogue of sound-effects is not fundamentally very different from another. Les Couvents contained some nice big, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) and untreated (unamplified) strings. But Les Couvents contained some nice big, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) and untreated (unamplified) strings. But Les Couvents contained some nice big, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) and untreated (unamplified) strings.

David Aukin, at present director of the Haymarket Theatre, Leicester, is to join the National Theatre on September 1 in the newly-created appointment of executive director. He will share with Peter Hall the responsibility for overall artistic and management of the NT, although Peter Hall will remain the NT's chief executive, cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent directed by Peter Yates of the West End new play of the year. (194 1185).

When We are Married/Whitehall

Michael Coveney

The Whitehall's herself again, restored to an approximation of art deco "dream of black and silver" of 1935 and a home for hearing comedy. Priestley's 1938 silver wedding party for the second generation industrial Revolution mercantile big-wigs in the West Riding is a standard item in the repertoire; Remarque's war and a home for hearing comedy. Priestley's 1938 silver wedding party for the second generation industrial Revolution mercantile big-wigs in the West Riding is a standard item in the repertoire; Remarque's war and a home for hearing comedy.

correctly woven into the playing. The reminiscent crosses wires of photography and story, for instance, comes up fresh, school of Coward and Pinter. (Did, though, Mr Fraser stumble on some crucial information about the register of the medium, but with little else. The means and theories employed to produce this kind of music are often different: but one virtuosic catalogue of sound-effects is not fundamentally very different from another. Les Couvents contained some nice big, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) and untreated (unamplified) strings. But Les Couvents contained some nice big, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) and untreated (unamplified) strings.

Murail & Saxton/Elizabeth Hall

Dominic Gill

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Saleroom/Antony Thorncroft

Antony Thorncroft

Sir George White accumulated in his 77 years probably more medals than any other Englishman, but members of the royal family: a remarkable achievement for a workman from Whitehall, Co Antrim. By the time of his death in 1912 he had amassed seven sets of post-nominal letters, as well as his Field Marshal's baton. Yesterday, at Sotheby's, his family dispersed his medals and decorations for £260,500, the anticipated sum. Fortunately they were acquired by White's old regiment, the Gordon Highlanders. His greatest claim to fame is that he was commanding officer at Ladysmith during the four month siege by the Boers in 1899-1900. He was well into his sixties at the time and was lame, which, as he pointed out, would prevent him from running away. His reward for his achievement at Ladysmith was the Governorship of Gibraltar. He had received a VC for his bravery in Afghanistan in the late 1870s, and in 1903 he accumulated his Field Marshal's baton, followed, in 1905, by the Order of the Bath. The morning session at one of the best medals and decorations auctions organised by Sotheby's totalled £96,354, which Sir George White had accumulated in his 77 years probably more medals than any other Englishman, but members of the royal family: a remarkable achievement for a workman from Whitehall, Co Antrim.

For relieving Ladysmith

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World Economic Indicators

every Monday-Only in the Financial Times

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Time to slow US arms costs

THE US administration and the Congress are now launched on what promises to be a heavy struggle over the fiscal 1987 budget, with both sides seeking to shift responsibility for the inevitable cutbacks to reduce the deficit. At the centre of this struggle will be the defence budget, for which President Reagan is seeking another very large increase in funding, in the hope that the cutbacks can be concentrated on domestic programmes. In a mid-term election year, this is entirely unrealistic; moreover, the administration's approach is unlikely to deliver coherent benefits to America's defence posture. It would be better for the Pentagon to curb its voracious appetite within more plausible limits, and to give some evidence that it is capable of reforming its lavish procurement methods.

The President has argued, yet again, that a continued defence build-up remains essential in order that the US can negotiate with the Soviet Union from a position of strength. This cry has been heard so often that it ceases to carry conviction. During Mr Reagan's first term there were substantial real increases in defence spending, to the point where it now accounts for about 7 per cent of US GNP, significantly higher than the majority of the Nato allies.

Alternatives to imprisonment

THE British Government is constructing one of the largest criminal justice bills ever brought to parliament in a way which misses one of the most pressing points: UK imprisons more people both in absolute terms and in proportion to its population than any other major country in Western Europe except Turkey. This remains the case if all the Northern Ireland statistics are excluded.

This is so abasing a reflection on Britain's sentencing policy that the failure to address it undermines the many sensible reforms suggested by Mr Douglas Hurd, Home Secretary, in the legislative plans published yesterday. Indeed, it is surprising that many have not been included in the Criminal Justice Act, the last of which was in 1982: making compensation a legal right for victims of violent crime, widening the maximum corruption sentences beyond the narrow confines of public contracts, and indexing maximum fine levels to annual increases in the inflation rate.

There is real public concern about law and order, but politicians need to tread slowly and warily in trying to respond through legislation, whether by raising maximum penalties of doubtful effect or by trying to prevent lenient sentences.

The behaviour of capricious

Spaniards vote on Wednesday which will probably decide whether the country stays in Nato. David White reports from Madrid

Gonzalez goes for his biggest gamble yet

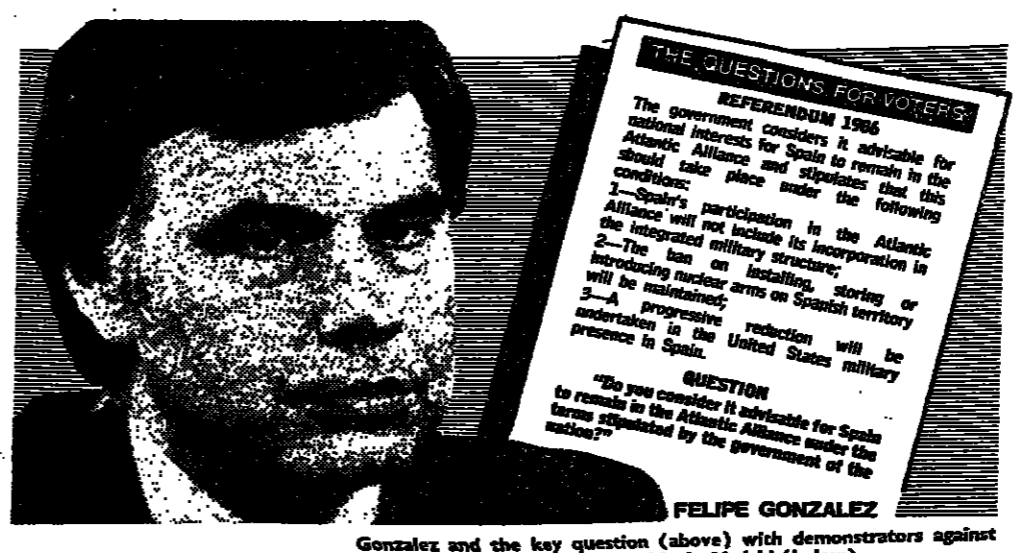
IN "The Dangerous Summer," published last year, 25 years after his death, Hemingway wrote of the real-life rivalry of two bullfighters in Spain in 1899, and the way they would try to establish their superiority by letting the bulls' horns pass closer and closer to their bodies. He did not spare the description when they passed too close.

Merrill lures von Clemm

Michael von Clemm, who was yesterday appointed head of Merrill Lynch Capital Markets in New York, is a spell as a crime reporter in the Boston Globe, a professorship at Harvard Business School and anthropological research in Indonesia. He is also a noted gourmet, and chairman of Roux Brothers, one of London's top French restaurants.

Right turn

Morgan Grenfell, the once sleepy merchant bank which lately has been forging ahead in the City of London's corporate finance stakes, aims to burst upon the French financial scene as well.



Gonzalez and the key question (above) with demonstrators against Spain's membership in Madrid (below)



Socialist planners admit to the use of 'a certain calculated ambiguity'

margin for arguing: "We didn't win, but we didn't really lose either." And attempting to side back into Nato after the elections by rescinding its withdrawal notice. It would seek to regain credibility with the electorates by obtaining the promised cuts at Spain's US bases.

County town

St Helens has a yearning to go back home to its county of Lancashire.

Britain's Bond

Twelve Metre yachts, the class which competes for in an America's Cup, are slow boats by the standards of modern design. "Do what you like with them but they can't sail at more than 7.9 knots upwind," says Harold Gudmore, Britain's skipper designate for the forthcoming challenge.

This leaves the Socialist Party in an uncomfortable and paradoxical position, out on its own. If Spain does quit Nato it will be largely the doing of the Right which has always been in favour of membership. The situation has the makings both of a classical tragedy (in which the hero is brought down by a fatal flaw of hubris) and of a Whitehall farce (in which everyone runs back and forth slamming doors and getting into the wrong beds).

One argument it uses to defend Nato is that withdrawal would hit exports and investment, which depend 75 per cent on Nato members. It emphasises the European side of Nato as an alternative to bilateral defence ties with the US; it can sell the alliance only on the basis of strengthening links with Europe.

Nobody knows how the army would actually vote, since a planned opinion poll on the issue was stopped. But rather than the present situation, the military would doubtless prefer to go the whole distance and be fully integrated in the alliance. On the other hand, non-integration has some compensations. From an allied viewpoint, it at least avoids arguing about the distribution of their "ghetto" and gives them a new external mission. Nato provided a pretext for embarking on military reforms.

BASE LENDING RATES

ABN Bank	12 1/2%	Heritable & Gen. Trust	12 1/2%
Allied Dunbar & Co.	12 1/2%	EHIL Samuel	12 1/2%
Allied Irish Bank	12 1/2%	G. Hoare & Co.	12 1/2%
American Express Bk.	12 1/2%	Hongkong & Shanghai	12 1/2%
Amro Bank	12 1/2%	Johnson Matthey Bkrs.	12 1/2%
Bank of Montreal	12 1/2%	Knowles & Co. Ltd.	13%
Bank of Ireland	12 1/2%	Lloyds Bank	12 1/2%
Bank of Cyprus	12 1/2%	Edward Hanson & Co.	12 1/2%
Bank of India	12 1/2%	Meghraj & Sons Ltd.	12 1/2%
Bank of Scotland	12 1/2%	Milford Bank	12 1/2%
Banque Beige Ltd.	12 1/2%	Morgan Grenfell	12 1/2%
Barclays Bank	12 1/2%	Mount Credit Corp. Ltd.	12 1/2%
Benedict Trust Ltd.	12 1/2%	National Bk. of Kuwait	12 1/2%
Brit. Bank of Mid. East	12 1/2%	National Girobank	12 1/2%
Brown Shipley	12 1/2%	National Westminster	12 1/2%
CL Bank Nederland	12 1/2%	Northern Bank Ltd.	12 1/2%
Canada Permanent	12 1/2%	Norwich Gen. Trust	12 1/2%
Cayzer Ltd.	12 1/2%	PEK's Trust	12 1/2%
Cedar Holdings	13%	PF Financ. Intl. (UK)	12 1/2%
Charterhouse Japhet	12 1/2%	Provincial Trust Ltd.	12 1/2%
Citibank NA	12 1/2%	R. Raphael & Sons	12 1/2%
Citibank Savings	12 1/2%	Roxburgh Guarantees	13%
City Merchants Bank	12 1/2%	Royal Bank of Scotland	12 1/2%
Clydesdale Bank	12 1/2%	Royal Trust Co. Canada	12 1/2%
C. M. Coates & Co. Ltd.	13%	Standard Chartered	12 1/2%
Comm. Bk. N. East	12 1/2%	TCE	12 1/2%
Consolidated Credit	12 1/2%	Trustee Savings Bank	12 1/2%
Continental Trust Ltd.	12 1/2%	United Bank of Kuwait	12 1/2%
Co-operative Bank	12 1/2%	United Mizrahi Bank	12 1/2%
Cyprus Popular Bk.	12 1/2%	Westpac Banking Corp.	12 1/2%
Duncan Lawrie	12 1/2%	Yorkshire Bank	12 1/2%
E. T. Trust	12 1/2%		
Exeter Trust Ltd.	13%		
Financial & Gen. Sec.	12 1/2%		
First Nat. Fin. Corp.	12 1/2%		
First Nat. Sec. Ltd.	12 1/2%		
Robert Fleming & Co.	12 1/2%		
Robt Fraser & Ptns.	12 1/2%		
Grindlays Bank	12 1/2%		
Gulnars Mahon	12 1/2%		
Hambros Bank	12 1/2%		

POLITICS TODAY: NORMAN TEBBIT

Chairman of the raucous faction

By Malcolm Rutherford

ALTHOUGH Mr Norman Tebbit in many ways the obvious appointment as Conservative Party chairman for the run-up to the next British general election, there was always an element of high risk about it. As Mr Tebbit's return to his old form in the last few weeks has begun to demonstrate, he can still be a pretty abrasive figure. Too abrasive for the times perhaps?

First, some background. Mr Tebbit was the obvious appointment for three reasons.

● He had let it be known that he wanted the job. The job itself is crucial when the Tories start preparing for an election campaign: that is, about two years before a general election takes place.

● He epitomises Mrs Thatcher's Conservative Party, a man who when the party was in opposition was a kind of Tory Dennis Skinner, capable of extreme political harassment. He became a junior minister when the Tories were in 1979; even that was a surprising elevation for him as much as anyone else. In 1981 he became Employment Secretary and carried through some of the Government's most important reforms of the law affecting industrial relations. Two years later he was made Secretary for Trade and Industry. Mr Tebbit is a modern Tory success story.

● The two other obvious candidates for the chairmanship were Mr Peter Walker, the Energy Secretary, and Mr Michael Heseltine, then the Defence Secretary. Both were reasonably well-known in the country and could have carried out the bell-ringing function of the office once undertaken by Lord Hailsham. Both had a reputation for efficiency. The trouble was that either of them might have quarrelled with Mrs Thatcher on policy.

It would not have done for the chairman of the party and the Prime Minister to have been seen to be publicly at odds. Mr Heseltine has already shown how right the judgment was in his case. He has not only quarrelled with Mrs Thatcher or his Cabinet colleagues in that way; not because he is syncretic (far from it), but because he is, or at least has been, politically more astute.

He could still cause problems, however, if his judgment were

to falter and if he were to misread the spirit of the times.

The reason why relatively little has been heard from Mr Tebbit in the six months or so since he became chairman is the after-effects of the Brighton bomb at the Conservative Party Conference in 1984, which nearly destroyed him and his wife. He now seems much better and is beginning to make up for lost time.

One point is clear: he has not been mellowed by physical adversity, though perhaps he has always been slightly mellow underneath the skin than he sounds. Mr Tebbit enjoys a fight.

There he was this week attacking the Inner London Education Authority for driving children to truancy and declaring, in effect, an "education jihad". "I can't think the kids are stupid," he said. "They know that academic standards in London are poor... Give them a good school, good discipline and good teaching, and they will go to school." He was particularly annoyed that he had then accused of incitement to truancy. That is the way Mr Tebbit works.

A few days before he had spoken of "dirty and cheap anti-Americanism... practised by dirty and cheap political parties," meaning the Labour Party and the SDP-Liberal Alliance in their attitude to a possible US takeover of EI. He was widely criticised for the savagery of his remarks, but again he was unrepentant.

Some of the criticism has come from within the Tory Party. Mr John Biffen, the Leader of the House of Commons who has declared himself a consolidator of Tory achievements rather than any longer a radical, recently delivered an oblique but unmistakable attack on the chairman. "Toryism," he wrote, "is not a raucous political faction." Mr Douglas Hurd, the Home Secretary, pointed in the same direction when he said: "We can't win by scragging one opponent."

Mr Tebbit responds that there is no question of his changing his aggressive style. Raucousness, he says, is part of the job. "It is the function of the chairman to see that the hard core of party supporters feels confident and assured." That is what he claims he is doing.

Several of the ways in which



he is going about it are conventional by Tory standards when an election campaign is getting under way. He is changing and increasing the personnel of the party's Central Office. He has appointed Mr Michael Dobbs, formerly deputy chairman of Saatchi and Saatchi Compton, as chief of staff; a new post. He is beginning to spend more money and will do so on a steadily rising curve.

A lot of it is about trying to identify the wobbles in Tory support. Mr Tebbit is unusually reticent in saying where these are. Presumably they are the Labour voters who switched to the Tories in 1979 and 1983, and the Tory voters who may be tempted to switch to the

Alliance. He admits to some concern about the young, the people who, he says, have not been round long enough to remember "how bad things used to be."

That is why, he goes on, the Tories should not seek to present an image of perfection, because manifestly everything is not perfect. Tory change must go on. In a reference to Mr Biffen—"I've heard that there's some group in the party called 'consolidationists' or something"—he says that there can be no question of the manifesto next time being headed, "Steady as she goes." Mr Tebbit will have none of that.

He is slightly patronising about Mr Cecil Parkinson, his

predecessor but one and the man who engineered the election victory in 1983. "The difference between Cecil and myself is that he was a comparatively unknown figure, whereas I arrived with an already high profile."

It is the high profile that one sometimes wonders about. Is it really quite as high as he thinks, at least outside the ranks of the Tory activists? And, even if it is, is it the right profile for the late 1980s?

Mr Tebbit is a much more complex figure than he is sometimes presented. His aggression can conceal what is no more than an impishness, a sense of fun and a delight in exaggeration like saying, "What I really think is that the Tories should win all of the votes of the time... I may have to adjust a bit if we lose the by-elections."

(As of Wednesday it had not occurred to him that the sensible strategy would be to hold all three outstanding Parliamentary by-elections on the same day as the local elections on May 8 and get all of the bad news out of the way at once. But he seemed awfully tempted by the idea.)

There are also apparent contradictions in his political beliefs. Mr Tebbit describes himself as an economic liberal, but he is far from being liberal on other matters.

The Sunday Trading Bill now before Parliament is an illustration. Mr Tebbit says that he is 100 per cent behind it as, he claims, is the entire Cabinet. It is not as big as the sale of council houses or privatisation, both of which he supported fervently, but it is along the same sort of lines of encouraging consumer choice.

Yet it has run into an unusual amount of opposition from the churches, the shopworkers' union and the general public. Mrs Thatcher told the House of Commons last week that the Government had received 40,000 letters in protest and only 800 in favour.

How does Mr Tebbit square his permissiveness about Sunday shopping with his frequent attacks on the permissive society, which he says was introduced by Mr Roy Jenkins when he was Home Secretary? He has an answer up to a point. The present situation is a mess and

full of anomalies: some Sunday traders can afford to trade illegally and pay the fine, and some cannot. It all had to be cleared up, and anyway the new law will not compel shops to open on Sundays nor compel people to go shopping. All of which is true, yet the permissiveness stops with the economic liberalism and the desire to tidy up the law.

Mr Tebbit's darker side came out in his Disraeli lecture last November: "I believe that by the 1990s we shall see the effects of a revision against the valueless values of the permissive society... The public will demand that television producers think about the effects of what they broadcast upon impressionable people—and in the end it will happen."

Not surprisingly, he is again sticking to what he said. Rather more surprising was that in a conversation this week he was unable to produce any evidence. In the end he was reduced to saying that he thought all television soap operas, kitchen sink dramas, programmes about the police and programmes about business were bad because they projected violence beyond the level of violence in society.

He said he was calling for voluntary restraint now in order to prevent a demand for censorship later.

Anyone who watched the return of Dallas on BBC this week may have wondered why the corporation was devoting so much time and money to such meaningless drivel, but they can hardly have worried about the violence.

They may also have noticed that the real violence took place on the news: for example, the riots in Northern Ireland. It seems to me that Mr Tebbit is on dangerous ground, though he insists he has read the popular mood, as he has undoubtedly done before.

Some words from Mr Michael Foot, the former leader of the Labour Party, come to mind after he had lost the 1983 election. A cardinal rule of British politics, he wrote, is never to undermine the Conservative Central Office. "They will stop at nothing, stick at nothing, bowdlerise anything and assert interest at supreme moments of pressure."

Lombard The true cost of life policies

By Clive Wolman

AFTER DECADES of talking the British public into buying life insurance in large and perhaps unnecessary quantities, the foot-in-the-door salesman is at last being tackled head-on by Parliament.

The regulation of the 100,000 or so individuals who market life insurance in one way or another is the one issue in the Financial Services Bill which affects directly the majority of voters. Back-bench MPs have challenged the vested interests of the insurance industry and their Civil Service allies. In the process, they have exposed the weaknesses in the proposed system of self-regulation for the City.

For years, the Department of Trade and Industry has acted more as a collaborator with the insurance industry than as its regulator. Look, for example, at the special treatment it afforded the insurance companies in the era of price controls or in the drafting of the Unfair Contract Terms Act. True to form, when drawing up the Financial Services White Paper and Bill last year, the DTI officials (albeit with some dissenters) acquiesced in proposals which could grant insurance salesmen a unique exemption from a fundamental principle of the common law which they enshrined in numerous other clauses in the legislation. Insurance brokers and salesmen were to be exempted from the obligation to tell customers about the commissions they earned from recommending a policy if they abided by a scale set by an industry cartel.

Miboc, a committee empowered by the financial services legislation to draw up the detailed rules for selling insurance, also acted true to form. The committee is made up of a majority from the insurance industry with only one consumer representative. It published rules which lay down a tortious procedure for the customer to follow before he can sue out (if he is lucky) the following:

● That the salesman who persuaded him to buy a typical long-term endowment or unlinked policy and spent less than an hour on his case will expect to earn about £500 in commission.

● That over 20 per cent of the value of all his premiums into such a policy will be eaten up

in charges rather than being invested or allocated to buy insurance cover.

● That if the salesman had recommended a pure term assurance policy or a different savings medium, his commission would probably be at least 90 per cent lower.

The record of Miboc so far is a warning of how easily the self-regulatory organisations envisaged in the Bill can ride roughshod over consumer rights to protect the interests of their industries.

The House of Commons standing committee has told Miboc to go back to the drawing board. Insurance industry representatives now suggest they will devise new and highly complex methods or remunerating their salesmen and charging their customers. To satisfy the new disclosure requirements, these methods may have to be explained in the fine print of a weighty legal document to be given to the customer—and the customer will be none the wiser. Insurance companies have already shown great skill in obscuring the charges paid by their customers. Actuaries never disclose the expenses they charge against the investment income of their traditional with-profits policyholders. The charges on unit-linked policies have also been obscured, quite deliberately, by such esoteric devices as high charging "capital units" and 105 per cent allocation rates.

Similar practices used to be adopted by providers of instalment credit until the Consumer Credit Act required them to use an actuarial formula based on discounted cash flows to reduce all their charges to a single figure, the Annual Percentage Rate of interest. Using a similar formula, insurance companies could also be obliged to quote on all relevant literature their charges as a percentage of the premiums paid.

As for commission disclosure, the salesman or broker could simply be required to ask any customer to whom he has sold a policy to sign a document saying: "The insurance broker, Mr X, has told me that he will be paid a maximum of (say) £550, including all indirect benefits, for recommending and selling to me the above policy. I have agreed that he may keep this payment."

Are mergers good for industry?

From Mr S. Blunt

Sir,—Are takeovers and mergers really in the best interests of British industry? Since 1983 a total of 15,900 companies have been acquired by other companies for a total of £92bn at today's prices (as reported on March 3). If mergers and acquisitions are really so good for industry as Britain, one would have expected British industry to be leading the world today. With the post-war industrial decline continuing, can we afford to allow unbridled merger-mania to continue? I believe that the Chancellor should include in his Budget changes to make it more expensive for companies to buy shares in other companies, so that leaders in industry direct their energies and talents to improvements in quality, to new product development, to better marketing and to employee training, instead of to self-aggrandisement by takeover.

Simon Blunt, Pitt Vale Farm House, Pitt, Winchester, Hants.

The nuclear field

From Mr D. Lowry

Sir,—I would like to make separate comments on your feature on the future of Britain's nuclear industry and the letter on Sellafield from Dr Little (both in February 25). In discussing the role of safety inspection she suggests the International Atomic Energy Agency carries out the task adequately. The IAEA carries out safeguards inspection not environmental safety assessments; those safeguards inspections the IAEA does undertake are limited to monitoring foreign spent nuclear fuel stored in cooling ponds at the Sellafield site. The major Windscale reprocessing work consists of management and separation of British nuclear materials, not overseen by IAEA.

With regard to the comment in the former article that Lord Marshall "had no part in the reactor decisions of the last two decades," this surely underestimates the important indirect role Sir Walter, as he then was, played in establishing the pressurised water reactor as an option to be considered in the debate over reactor choice.

In March 1974 David Fishlock wrote that Sir Arnold (now Lord) Weinstock expected to have several years' work in close association with the UKAEA to establish the safety of the PWR system. Nearly six months earlier Sir Walter had been asked by Sir John Hill,

Letters to the Editor

UKAEA chairman, to head a study group to assess the integrity of the PWR pressure vessel. As Lord Marshall has made clear since, although he began as a sceptic, by the time the Marshall report was completed 2½ years later, with considerable help with blueprints provided by Westinghouse, he was convinced a safe PWR could be built.

It was Sir Walter who acted both as the government's chief civil nuclear adviser and director of AERE Harwell, and deputy chairman of the UKAEA, when in the late 1970s first Tony Benn then David Howell had to decide as respective Energy Secretaries whether the PWR should be taken up. Now of course he chairs the Central Electricity Generating Board which wants to build PWRs.

Lord Marshall has had quite considerable involvement of that there is no doubt.

David Lowry, Energy Research Group, Open University, Walton Hall, Milton Keynes.

Make or break year

From the managing director, Babcock Power

Sir,—In my compliment David Fishlock and Max Wilkinson to a very balanced presentation "British nuclear industry—the make or break year" (February 25). It is indeed just that.

Central Electricity Generating Board plans will soon be reaching the age when replacements have to be made; and so an ordering programme is imminent. The question of what is to be ordered is covered well in the article and commented upon by your correspondents (March 3). There is no room for more than one type of reactor for more than one type of nuclear reactor in the new programme. CEGB has great technical strength and through close relationships has access to the operating experience of brother utilities throughout the world. Why is it that so many people outside the decision making process seem to believe that they are so much better able to judge what CEGB requires than CEGB itself? The Westland board recently had similar problems.

Speaking for the manufacturing industry which has had two CEGB orders in 13 years and has existed only by its efforts in the export field, what is

needed now is a quick, clean and lasting decision so that we can play our part most effectively; and by the experience gained go on to take a greater share of the export market.

R. H. Campbell, 165 Dover Street, SE1.

Arbiters of suitability

From Mr M. Wisner

Sir,—John Hunt (March 6) did well to clarify the current position regarding the endless re-writes of the Churchills amendment to the Obscene Publications Act which in its current form has withdrawn from its previous absurdities regarding TV and radio.

There remains what we believe is a harmful proposal, to be debated next Wednesday in committee, regarding pictures in magazines, newspapers, books, etc.

The present wording calls for "Persons under the age of 18" as the group to be considered in relation to any court proceedings.

Although Mr Churchill still states his only objective is to deal with the more explicit brands of sex magazines, the wording he is putting forward would also entrap illustrations in serious art books, medical books, museum catalogues and other printed work which has up to now been unassailable under the 1959 Act.

It seems a dangerous concept to introduce into British law the idea of a young person being the arbiter of what is suitable for adults. It is greatly to be hoped that, even though time is short, this flaw will be dealt with before the Bill is passed.

Michael Wisner (for the Directors Guild of Great Britain), 68, Sachville Street, W1.

Employee share ownership

From the Head of Communication Services, National Freight Consortium

Sir,—It was a happy coincidence that David Brindle's article on the report on employee share ownership schemes should have appeared in the same issue of your paper (February 28) as the letter from the chairman of the Wider Share Ownership Council. The Incomes Data Services study may not be able to report

any strong evidence for changes in workers' attitudes when they own shares in their company, but, as Mr Palamouni quotes in his letter, in referring to the National Freight Consortium, "professional management and employee ownership are proving a powerful combination."

There is no doubt in the minds of the NFC board and senior management that when managers and staff at all levels are given the opportunity joyfully to own the business they work for, and are able to participate in the structure of decision making, the result is a change in attitudes that greatly enhances the performance of the company. In NFC, as a service business, this has also had a marked effect on the interface with the customer.

Brian Cotte, 45 St Peters Street, Bedford.

Armies of direct salesmen

From Mr J. Ward

Sir,—I read with interest Mr Short's article (February 24) on the MIBOC proposals and I feel that he seems to have ignored the dangers of unfair competition in that if these proposals are carried through we will end up with armies of direct salesmen masquerading as brokers and the true brokers who attempt to offer a relatively unbiased and professional advice service will be squeezed out of the market.

The legislation seems to be slanted towards regulating brokers while the insurance companies, who wrap up their experts' charges behind actuarial complications so that the lay person cannot possibly ascertain the actual cost of his insurance/investment plan, are allowed to get away with, in some cases, enormous charges with no proper warnings as to severe early surrender penalties.

A large part of life assurance related business comes from direct salesmen who are, effectively, paid twice as much as the broker because their offices are paid for by the insurance company. So if these proposals go through you could well find brokers turning themselves into direct salesmen.

Furthermore the proposed legislation with regard to part timers seems to be extraordinarily lax. The insurance industry is being criticised for allowing salesmen without any proper knowledge to sell pensions and insurance plans and now comparatively inexperienced bank and building society clerks will not be subject to the full rigours of control and responsibilities required for registered insurance brokers.

J. D. Ward, 55 Lincoln's Inn Fields, WC2.

Advertisement for Design for Growth featuring a large paperclip illustration. Text includes: 'The paperclip is a classic example of practical design. Just the sort of innovation that makes small businesses grow large. Mobil, through good design and technical ingenuity are leaders in the field of petroleum product technology. During Industry Year, together with the Design Council we have launched Design for Growth '86. It's a competition specifically for small businesses. The aim is to help small companies which have innovative ideas or products - and bring them into the public eye. With a cash prize of £10,000 for the overall winner, advertising and a major exhibition of the top fifty entries, it will also encourage these small businesses to grow. For more information on Design for Growth '86, and entry details, write to the Awards Office, Design Council, 28 Haymarket, London SW1Y 4SU. Design for Growth. INDOUSTRY YEAR 1986. Mobil'

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US BIDDER PROMISES TO MAINTAIN UK AND EUROPEAN CONTENT

GM will 'keep Leyland British'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

GENERAL MOTORS OF THE US has given assurances to the UK Government that it will maintain the British and European content of Leyland trucks and Land Rover vehicles at their current levels if its bid for the companies is successful.

Four groups, including GM, have bid for Land Rover-Leyland, subsidiaries of state-owned BL.

Mr Bob Price, executive vice-president, General Motors Overseas Corporation, who is heading the GM negotiating team, said yesterday that GM had also given assurances that production of Land Rover and Range Rover vehicles would be continued at Solihull in the English West Midlands.

"With Land Rover and Range Rover we would want to trade on the current British image," he added.

GM has also given undertakings that research and development and

engineering for Leyland trucks and Land Rover vehicles would be retained in Britain.

He pointed out that the current UK content of trucks made by Bedford, GM's subsidiary in Britain, was 95 per cent, and 65 per cent for Bedford vans.

Bedford was already had 500 engineers working on US products for GM, Mr Price said.

He admitted that GM - or any other company - could not be expected to give a commitment that it would never make substantial changes to either the local content of products or give open-ended assurances about anything else.

If GM wins control of Land Rover-Leyland, it intends to merge that organisation with Bedford. But Mr Price insisted that his group had no preconceived rationalisation programme that would be imposed on the merged group.

Two study teams, one from the medium and heavy truck operations of both companies, the other from the medium and heavy van businesses, would consider what rationalisation was necessary.

That process, which would take only about a month, should produce a rationalisation programme to which the new management team would be totally committed, he suggested. "We are not going to dictate what should happen."

Mr Price said, however, that the impact of the rationalisation should not be underestimated. There was the possibility that extra jobs might be generated within the van operations or at Land Rover to absorb those which would go from the truck operations.

Management of the merged Leyland-Bedford organisation would be drawn from both companies at all levels.

Mr Price said he recognised that morale at Land Rover might be low if GM won control because it would mean the "Keep Land Rover British" campaign had failed.

"Another 10,000 units on the output at Land Rover would go a long way to restoring morale," he suggested. GM had marketing operations in over 40 countries that could help to produce such a boost in Land Rover's production.

GM was fully in favour of Land Rover's scheme to export the up-market Range Rover vehicles to the US and would help to find the most effective way into that market. Mr Price added: "I suspect those are battle-scarred guys at Land Rover. They have just come through an enormous rationalisation of production facilities. I guess they can take one more blow."

GM go-ahead in Egypt, Page 6

Barclays profits rise 37% to record

By Michael Cassell in London

BARCLAYS yesterday rounded off the UK clearing bank reporting season by announcing record pre-tax profits of £254m (£124m), comfortably beating its three major British competitors.

Sir Timothy Bevan, chairman of Barclays, said that the 37 per cent increase in pre-tax profits for the year ending December 31 1985 put Barclays "back on top of the bank profits league." In 1984 National Westminster Bank returned the highest profits.

Barclays' figures did not, however, reach the City of London's best expectations, and its shares fell by 1 1/2 to 485p. End-of-account profit-taking and some fears that the budget later this month could include a form of banking "windfall" profits tax helped push down the share prices of the other clearers.

The four big banks have in the last week reported combined pre-tax profits for 1985 of £2.57bn, an increase of £973bn on the previous year. Lloyds pre-tax profits totalled £501m (last year £498m), Midland £351m (£350m) and NatWest £804m (£817m).

Their results have generally conformed to the more optimistic City of London forecasts made in advance of the figures, although bad debt provisions, particularly in respect of Third World countries, remain the biggest single source of concern.

Barclays' provisions fell from £48m in 1984 to £41m last year although Sir Timothy warned that they were likely to remain high while economic conditions proved difficult.

The bulk of Barclays' improved performance stemmed from its mainstream UK banking business, where profits rose from £349m to £592m. Barclaycard was again a major source of profits. The bank will not disclose profits from the Barclaycard operation but says they rose by 24 per cent during the year, with outstanding balances of over £1bn at the year-end.

Bad debt provisions fell by 10 per cent for the bank's overseas operations, where pre-tax profits also fell from £116m to £92m.

Sir Timothy, who said that "a long and bumpy road" stretched before the world's banks in their efforts to deal with international debt, launched an outspoken attack on the Government of South Africa, where the bank's lending business amounts to a little under £800m.

Sir Timothy accepted that, like many US and European banks, Barclays had been caught by the unilateral standstill on loan repayments imposed by the South African Government last autumn.

Details, Page 29

Setback for UK Government over bill to protect investors

BY NICK BUNKER IN LONDON

THE UK Government was defeated last night in a House of Commons standing committee debate on one of the most crucial provisions in its Financial Services Bill.

Conservative backbenchers and opposition MPs joined forces to push through an amendment which will give explicit statutory recognition and authority to the Securities and Investments Board (SIB).

In the bill as published, the Government was given the option to delegate all or some of its powers to regulate the financial community to a designated agency. The amendment carried last night, proposed by Mr Anthony Nelson, a Tory MP, names the SIB and obliges the Government to transfer to it the delegated authority and powers which will make it the central body in the proposed framework of investor protection.

Mr Michael Howard, the Minister for Corporate and Consumer Affairs,

who is in charge of the bill, and has firmly opposed any moves towards making the SIB a statutory commission, moved swiftly after the debate to play down the effect of the amendment. He said that it would not wreck the bill, but that the Government would try to restore the bill's original proposals during its report stage.

However, the amendment was interpreted by Labour MPs as a major reversal for the Government. Mr Brian Gould, Labour Trade Spokesman, who has been arguing that the SIB should become an independent, self-standing statutory commission, said, "This gives us the basis for a proper and effective statutory system of regulation instead of the weak-kneed and broken-backed compromise which the Government tried to foist on parliament and the City of London."

Mr Brian Sedgemore, the Labour MP who has made repeated allega-

tions about the extent of City fraud, said that the amendment "had almost established a Securities and Exchange Commission in one fell swoop."

Last night's debate was the culmination of a lengthy personal campaign by Mr Nelson for a tighter system for regulating investor protection. He told the committee: "To recognise the SIB by statute will send the right messages to the public. It will reassure operators in the City and provide reassurance and protection for the investing public."

Mr Howard said that giving the SIB statutory recognition, instead of keeping it as a private sector body, would handicap it by making its recruitment and resources subject to civil service constraints and would also lessen its accountability to parliament. It would also remove the Government's freedom to delegate powers to a different agency if necessary.

Argyll Group to fight bid ruling

BY RAYMOND HUGHES IN LONDON

THE ARGYLL GROUP is to appeal on Monday against the British High Court rejection yesterday of its attempt to block the revised bid by Guinness for Distillers, the UK spirits group.

Argyll, a supermarkets and foods company which has made an opposed bid for Distillers, had asked the court to quash a decision of the Monopolies and Mergers Commission to lay aside the reference to it of Guinness's original £2.27bn offer.

The court ruled that Sir Godfrey Le Quessne, QC, the commission's chairman, had not exceeded his legal powers in personally making

the decision to lay aside the reference.

Nor, said Mr Justice Macpherson, had Sir Godfrey been wrong in concluding that Guinness had abandoned its original merger proposal.

Guinness's revised £2.35bn offer, made the day after the laying aside, "was so obviously different that it left the old bid behind like a discarded skin," the judge said.

He said that very large sums of money and very big issues were at stake for all three companies. He had, however, no doubt that Argyll's claim must fail.

Sir Godfrey has acted legitimately

ly and with commonsense under an "eminently sensible, practical and speedy process"

Argyll, whose £2.24bn offer would have been ahead of the field in the battle for Distillers had it won its case, said afterwards that the ruling had major implications. It seemed to have changed fundamentally the commission's accepted procedures.

Argyll's shares slipped in London last night by 5p to 338p. Guinness and Distillers held steady at 282p and 630p.

Details, Page 33

Bundesbank leads interest rate fall

Continued from Page 1

ground against the dollar to end the day at \$1.4580.

A trader at one leading UK bank attributed the foreign-exchange markets' muted reaction to the German move to "dealer exhaustion" after a hectic week. "Much lesser events than the cut in the German discount rate have caused much bigger moves in exchange rates in the last two or three days," he said.

Mr Gerhard Stoltenberg, the Bonn Finance Minister, welcomed the Bundesbank's action. He emphasised that it might set as a signal for lower rates internationally. He also noted that the decision fitted well into the German domestic context, with inflation down to less than 1 per cent at an annual rate and public-sector borrowing relatively low.

The interest-rate cut, Mr Stoltenberg said, would be one further factor boosting domestic demand and industrial investment this year - in addition to the benefits of the oil

price cut and a DM 11bn income tax reform package.

West Germany looks set to achieve up to 4 per cent economic growth in real terms this year. But the unemployment rate stands at 10.4 per cent - a total of 2.6m jobless.

German bankers welcomed the central bank's decision, but it is not clear how far the discount-rate action will work through in a new round of general interest rate cuts at home.

For one thing, interest rates and bond yields have already been falling fairly steadily - so that the discount reduction looks more like the confirmation of an existing trend rather than the start of a new one.

For another, the Bundesbank also decided yesterday to cut the banks' re-discount quotas by DM 5bn with effect from May 1. That action is timed to coincide with changes in the central banks' minimum reserve rules already decided last December.

Under the minimum reserve changes, the banks could have hoped to receive an injection of some DM 8bn in extra liquidity. The re-discount decision means that most of that liquidity will promptly be mopped up again by the Bundesbank, which, despite all the progress so far, is keeping an ever-watchful eye on inflation.

Moreover, the Bundesbank disappointed some bankers by failing to accompany its discount cut with a simultaneous reduction in the lombard rate.

When the Bundesbank last acted on key interest rates last August, it cut both rates by 0.5 point - the discount to 4 per cent and the lombard to 5.5 per cent.

France's smaller cut - although real French interest rates are significantly higher at more than 4 per cent - reflects the authorities' nervousness over the franc ahead of the parliamentary elections on March 18.

Tin rescue talks collapse

Continued from Page 1

commodity pact, looks doomed.

The trickle of lawsuits in the crisis might become a torrent as creditors go to the courts.

The ITC meets again tomorrow and next week but delegates do not expect new rescue initiatives. The council said in a statement that it would work for whatever it could do in the present circumstances.

The Newco plan has been discussed at many meetings since it was first proposed before Christmas. The UK Government, with its special interests in the LME, struggled to persuade fellow members to accept the deal. It concentrated its efforts on other EEC countries, which were particularly reluctant but eventually gave way earlier in the week.

But by yesterday morning, the three biggest tin producers had still to agree. As deadlines set by the creditors approached, Malaysia gave its support. Thailand asked for an extension until Monday - something the creditors might have accepted - but Indonesia said no and the bankers said it was all over.

Indonesia said it had "serious doubts" about the rescue plan and could not afford to contribute to it, after the recent fall in the price of oil, its principal export.

Mr Abraham van Overbeek, chairman of the EEC delegation, said the community had always favoured an orderly resolution. Another delegate said: "It is all over. We are just blaming each other."

Gorbachev moves to revitalise Soviet leadership

By Patrick Cockburn in Moscow

MR Mikhail Gorbachev yesterday consolidated his power within the Soviet Communist Party at the end of its 10-day congress by bringing back to Moscow Mr Anatoly Dobrynin, for 24 years Soviet Ambassador to Washington, and appointing a new member to his ruling Politburo.

Mr Dobrynin, ambassador in Washington since 1962, has played a central role in formulating Soviet policy towards the US. This experience will complement the relative inexperience of Mr Eduard Shevardnadze, the Foreign Minister, appointed last year.

Mr Dobrynin now becomes head of the party's international department in charge of relations with Communist parties not in power and non-Communist left-wing parties. He replaces Mr Boris Ponomarev, a non-voting member of the Politburo, who has retired at the age of 61.

The new member of the 12-member Politburo is Mr Lev Zaikov, who remains party secretary in charge of the economy. He was previously party leader in Leningrad.

Mr Gorbachev also announced the appointment of two non-voting members of the Politburo, Mr Yuri Solovoyov, party leader in the Leningrad region, and Mr Nikolai Sinyukov, the party leader in the western republic of Byelorussia.

The 10-day congress, which takes place every five years, showed that Mr Gorbachev is in complete political control of the party. On the new 307-member central committee chosen this week, grouping all senior office holders in the Soviet Union, there were 136 new faces. Only 171 members kept their seats.

At the same time, speeches at the congress showed that senior state and party officials hold widely divergent views about the extent and radicalism of the reforms needed to increase growth and raise the quality of production.

Mr Gorbachev himself and other party leaders outlined plans for radical economic change, but most speakers at the congress appeared to believe that a rejuvenated leadership in the Kremlin and senior ministerial positions will be sufficient to cope with most economic problems.

Although President Leonid Brezhnev was never denounced by name, there was a consensus at the congress that the economy had been badly managed since the early 1970s. Mr Gorbachev has faced little apparent opposition.

Divisions on economy, Page 2

US makers raise prices of memory chips

By Louise Kehoe in San Francisco

US MICROCHIP manufacturers are raising memory chip prices as demand for their products picks up and Japanese competition softens in the wake of growing trade friction.

Intel, a leading US chip maker, raised prices of chips used to store programs in personal computer systems - commodity erasable programmable read only memory (Eprom) chips - by 25 per cent on Wednesday.

Intel, together with Advanced Micro Devices and National Semiconductor, has filed a dumping suit against Japanese chip makers, charging that they have been selling Eproms in the US "below fair value."

The US Department of Commerce is due to make a preliminary ruling on the case on Monday and is expected to find that dumping has occurred. If it does the Commerce Department will set preliminary dumping duties to be imposed on Japanese Eprom imports, which could be as high as 200 per cent.

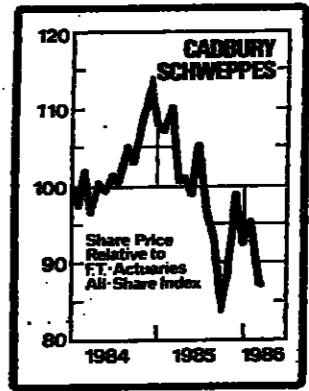
However, Japanese chip makers have already significantly raised their US prices and are being "less aggressive" in the market, according to US industry experts. Several Japanese companies have attributed their price increases to the changing dollar/yen exchange rate but US manufacturers say trade actions brought against the Japanese have also been an important factor in higher prices.

Intel said it was returning prices to "sustainable levels" after last year's dramatic decline. Eprom prices then fell from about \$17 in January to under \$3 per chip by November. The new prices will enable Intel to recoup operating costs and to make a reasonable profit, the company said.

Last year Intel and all other leading US semiconductor manufacturers sustained losses due in part to falling memory chip prices.

THE LEX COLUMN

One down, and two to go



well below the average for its sector, let alone the market as a whole.

The group should make comfortably over £50m pre-tax this year, putting the shares on a prospective P/E of under eight at last night's price of 47 1/2.

TI's rating must by now have scuppered the takeover hopes entertained by Evered. Size is not the only obstacle; TI is making a return on capital of almost a quarter in its core divisions, leaving Raleigh as the only remaining point of weakness.

Even TI itself would not claim to be the best managed company in the country, but it is a much tougher nut to crack than it was even six months ago. Moreover, TI can claim with some justice that last year's losses from Raleigh - totalling almost £8m in the UK - were almost unavoidable given the collapse in sales.

Not all TI's earnings growth is exactly high quality - the pension fund holiday should contribute about £8m before tax this year - but genuine progress has now been made in every division.

If Evered chooses to unload its investment at a profit, TI's merchant bankers will be delighted to assist.

Cadbury

Cadbury Schweppes lowered the drawbridge in its defensive ring-wall yesterday and wheeled out some figures for last year which, if quite as feeble as expected, so bridled with promises that an army of bidders might already be on the march.

The share price, which frequently traded at around a quarter of book value during the recession, now commands a premium of 20 per cent to the group's shrunken net worth. And, even at those dizzy heights, TI is valued on a multiple

The old argument that Cadbury is outgunned by Hershey and Mars in the US is beside the point, since the former US management was just as incapable of marketing soft drinks as chocolate. US food brokers had been enticed into stuffing stocks into the distribution chain merely to justify sales budgets as much as 50 per cent inaccurate, and it is only fortunate that the alarm sounded in London before Cadbury's brands were impaired.

Now the stale chocolate and flat pop have passed through the chain and the management and distribution have been reorganised, there is a good chance that some £220m in operating assets might produce a £15m return this year - merely leaving a hole in Cadbury's management reputation that no amount of corporate advertising can repair.

Cadbury will make more friends from its promise to dispose of some £100m in operating assets in its tea and food and health businesses, which were earning less than the cost of supporting funds. But it is late in the day for such house-cleaning, especially for a company rated at a premium to its sector at last night's price of 170p, up 4p.

HK Land

The slow march of Hongkong Land and Jardine Matheson through the divorce courts makes a very much more dignified spectacle than the shotgun marriage of 1980. The two companies have now hit on the ingenious idea of selling half Land's holding in Jardine to Jardine Securities, which finances the deal in part by a rights issue designed to reduce the parent's interest to just under 50 per cent. Jardine gains effective control of its own shares - but cannot technically be accused of cannibalism - and Land receives a further boost to its balance sheet.

This clever wheeze took the Hong Kong market quite by surprise and oversaw an excellent set of results from Land itself. Profits have now recovered sufficiently to justify a meaningful dividend. The 1985 payment is less than half the peak dividend of 1981 but, after a 50 per rise in net profits last year and with a further 40 per cent or so in store for 1986, full dividend restoration may be only a matter of time. The balance sheet has almost been straightened out and, wonder of wonders, Land seems to be generating cash from its operations.

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Pickens agrees to buy Pioneer for \$800m

BY WILLIAM HALL IN NEW YORK

MR. T. BOONE Pickens, who is better known as a Texas oil man than as a corporate raider has agreed to buy Pioneer...



T. Boone Pickens

Pioneer shareholders were to have received 1.75 Pioneer-A preference units and one Pioneer-B unit for each share.

It was not clear yesterday whether the terms of Mr Pickens' bid represented much of an improvement on his earlier offer.

Warner Lambert in \$225m disposal

By Terry Dodsworth in New York

WARNER Lambert, the US pharmaceuticals and non-prescription health products group, has reached agreement on the disposal of one of the three high-technology hospital equipment companies it put up for sale just over three months ago.

The division involved, Deseret Medical, is being acquired by Becton Dickinson, the New Jersey health-care group, for \$225m.

Based in Sandy, Utah, Deseret makes and markets cardiovascular catheters, infusion sets and operating-room products.

Since Warner entered this field, it has run into problems, in common with other companies, because of cuts in the US.

Bertelsmann planning DM 2.5bn expenditure

BY JONATHAN CARR IN GÜTERSLOH

BERTELSMANN of West Germany, one of the world's biggest media concerns, plans to invest more than DM 2.5bn (\$1.1bn) over the three years to 1988.

Mr Mark Woessner, chief executive, said that about DM 1.6bn of the investment sum would go to consolidate and strengthen existing centres, including publishing and book club business.

More than DM 900m was earmarked for new activities, for example in electronic media, and for expansion in key markets - especially the US.

gramme from its own resources without strain. But he added that if a major, unusually costly project arose - for example in the US where Bertelsmann is on the hunt for acquisitions - the company could raise funds through a further issue of its profit-sharing certificates (Genusscheine).

Bertelsmann is having its Genusscheine with a nominal value of DM 330m listed for the first time on leading German stock exchanges later this month.

Mr Woessner stressed that Bertelsmann was in stronger financial shape than ever before and could easily fund the investment programme from its own resources without strain.

elsmann after the Second World War, and his family.

The results for the year to June 30 1985 show net profit up by 17 per cent to DM 337m on turnover which increased by 11 per cent to DM 7.4bn.

This year net profit looks likely to fall to some DM 320m - above all because of heavy start-up costs in electronic media and new magazines.

The increase underlines Bertelsmann's intention to go for expansion again after an era of consolidation.

Veba lifts dividend as profits surge

By Rupert Cornwell in Bonn

VEBA, the West German utility and energy conglomerate, yesterday announced an increase in its 1985 dividend to DM 10 from DM 9 the previous year.

The group, in which the Federal Government holds a stake of about 25 per cent, said that net profits climbed to DM 752m (\$332m) last year from DM 584m in 1984.

In accounting terms, the group's sales declined by 2.7 per cent in 1985 to DM 48.3bn from DM 49.5bn.

Banco Hispano to resume dividend

By David White in Madrid

BANCO Hispano Americano, Spain's third largest bank, announced yesterday it was resuming dividend payments after resuming last year's problems in its main industrial banking outfit.

Mr Claudio Boada, the chairman, told shareholders in a letter that the bank was proposing a modest payout of Pta 25 per Pta 500 nominal share.

Pre-tax profits, which collapsed in 1984 from Pta 13.5bn (\$90m) to Pta 110m after the bank had to channel almost all its operating earnings into shoring up its subsidiary, Banco Urquijo Union, recovered last year to Pta 8.25bn.

Mr Boada, who was appointed in January last year to take over the group, said the result indicated a "positive change in tendency" but added a cautionary note by saying that the bank needed more time to consolidate its recovery.

He said that following a Pta 50.4bn aid package for Urquijo Union, agreed last April with the Bank of Spain and other leading banks, the industrial banking operation was now on a sound footing and would produce positive results this year.

Statoil lifts year-end turnover to record

BY FAY GJESTER IN STAVANGER

STATOIL, Norway's state-owned petroleum group, reported record turnover and profits in 1985, reflecting Swedish downstream acquisitions, increased oil and gas output, a strong dollar and relatively high prices for most of the year.

The company did not forecast likely results this year after the recent plunge in oil prices and the dollar's value.

Group turnover in 1985 reached Nkr 51.4bn (\$7.3bn) - 4 per cent up on the previous year.

Of the 2.5m tonnes of refined products produced for Statoil at Mongstad, 1.8m tonnes were sold within Norway by Statoil's oil products marketing outfit, Norol.

Crude oil handled by Statoil last year topped 16m tonnes, including the group's own output and the state's royalty oil.

Of the total, 2.5m tonnes went to the Mongstad refinery which Statoil owns jointly with Norsk Hydro, while almost 14m tonnes were exported. Main export markets for crude were Scandinavia, the Netherlands, Britain and the US.

The group opened a crude oil trade office in London during the year.

Norol last year increased its market share to 27.4 per cent, from 27.1 per cent a year earlier. Its turnover reached Nkr 7.45bn.

Statoil's gas output last year reached 187m cu m, including 249 m cu m from the Statfjord field.

Fermenta slips as suspension is lifted

Kevin Dons in Stockholm

FERMENTA shares continued to tumble on the Stockholm stock market yesterday when trading was resumed after an unprecedented suspension lasting nearly two weeks.

Trading in the troubled chemical and biotechnology group's stock was nervous and one dealer said the situation was "still highly volatile."

Fermenta's B-restricted shares fell by SKr 10 (\$1.38) to close at SKr 133 after fluctuating widely during the day between a low of SKr 114 and a high of SKr 135.

The shares had been suspended for nearly two weeks as the stock exchange authorities waited for new information from Fermenta on its financial status and on the personal finances of Mr Refaat El-Sayed, the company's majority shareholder.

Chinese body backs troubled Ka Wah Bank

By David Dodwell in Hong Kong

CHINA International Trust and Investment Corporation (Citic), the Peking state agency, yesterday took a 95 per cent stake in Ka Wah Bank, an ailing Hong Kong bank controlled by the family of Malaysian-born Mr Low Chung Seng, after negotiations lasting more than two months.

As part of the deal, Citic is due to inject HK\$350m (US\$44.8m) of new capital into the bank. In return, the Hong Kong Government has agreed to assume responsibility for the bank's debt.

GM drops plan to buy Mexican Renault units

BY OUR MOTOR INDUSTRY CORRESPONDENT

GENERAL Motors of the US will not, after all, buy car engines from the new \$350m plant in northern Mexico set up by Renault, the state-owned French group.

The threat, however, of possible closure which hung over the Mexican factory, has been removed by Renault's gradual, but steady, financial recovery.

The engines are sent only to American Motors, Renault's associate company in North America, but Mr Dedeurwaerder said the Mexican plant was designed to supply world-wide. Engines might be exported to Europe depending on demand for the R9, R11 and R21 models in which they are used.

He also reported that the French Government had approved a further financial injection of FF 3bn (\$482m) this year to help Renault's recovery programme.

Krupp expects bigger margins

FRIED KRUPP, the West German steel and engineering group, expects to show improved profits for 1985 despite little or no change in turnover.

Turnover for last year was DM 18.5bn (\$8.18bn), against DM 18.2bn. Steel and industrial plant sales rose but revenue from trading operations fell, slipping to DM 6.3bn from DM 7.5bn a year earlier.

Orders on hand at end-December totalled DM 10.3bn, down from DM 12.3bn. Steel orders stood at DM 6.4bn and trading orders came to DM 8.05bn, against DM 6.2bn and DM 7.3bn respectively at the end of 1984.

French bank launches video loan service

By David Marsh in Paris

CREDIT Commercial de France (CCF), the French nationalised bank, has launched an electronic service enabling customers to gain instant access to credit by using video terminals in their homes.

The service, called Libertel, is believed to be the first of its kind in the world. CCF, which has more than 100,000 personal clients connected to its nationwide service, believes the scheme will be profitable for the bank and save time and money for customers.

Mr Michael Pebererau, CCF managing director, said yesterday that CCF's video-banking service, launched at the end of 1983, had proved it was not a "gimmick."

Woolworth earnings peak in final quarter

BY OUR FINANCIAL STAFF

F. W. WOOLWORTH, the US-based retailer, yesterday reported record fourth-quarter earnings of \$106m or \$3.29 a share to end its third year running of profit improvement.

Sales in the fourth quarter rose from \$1.76bn to \$1.85bn, and were up at \$5.96bn (\$5.74bn) for the year.

The company, which retails general merchandise and footwear in the US and abroad, had a restructuring in 1982. Yesterday, Mr John Lynn, chairman and chief executive, said 1985 earnings "represent our achievement of five-year objectives in only three years - attaining an 11 per cent return on investment and 16 per cent return on equity."

Anglovaal rises 50%

By Kenneth Marston, Mining Editor, in London

SOUTH AFRICA'S Anglovaal mining and industrial group is another to have gained from the conversion of US dollar-priced mining revenue into weak domestic currency, reflected in a profits rise for the half-year to June of 50 per cent.

Earnings of the home industrial companies, however, increased by only 3 per cent against a background of difficult market conditions and increased interest on higher borrowings.

No improvement in the domestic front is expected in the second half of the year and the rate of overall profits growth is thought likely to match that of the first half.

CIBC first-quarter profits edge ahead

BY OUR FINANCIAL STAFF

CANADIAN Imperial Bank of Commerce, the country's third largest banking group, yesterday reported a slight improvement in first-quarter profits, with net earnings up from C\$53.9m to C\$57.1m (US\$55m).

On a per-share basis, however, earnings fell from 78 cents to 64 cents as average shares outstanding jumped from 83.3m to 101.6m. The per-share figures have been adjusted for a two-for-one share split.

At the same time the bank estimated a sharp rise in estimated loan losses this year, to C\$850m from the C\$550m recorded in the year ended October. The rise is due to uncertainty surrounding the drop in world oil prices.

The bank said the estimate includes a C\$150m contingency related to the uncertainty in world energy markets and C\$130m in additional country-risk provisions.

quent events prove that the total is excessive, it will be adjusted later in the year," the bank said.

Assets at the end of the first quarter were C\$78.9bn, up from C\$71.7bn a year earlier, while deposits rose from C\$62.2bn to C\$68.4bn. Despite the higher loan loss estimate, the bank's shares were up C\$ 1/4 to C\$18 1/4 at lunchtime yesterday.

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INTL. COMPANIES & FINANCE

Amerada Hess to omit dividend and cut jobs

BY WILLIAM HALL IN NEW YORK

AMERADA HESS, the secretive US oil company headed by the 71-year-old Mr Leon Hess, has become the first leading group in the sector to pass its dividend as a result of the chaotic conditions in the world oil markets.

Mr Hess announced that the company was slashing its capital spending plans, reducing its workforce and would experience "a substantial first quarter loss" as a result of the reductions in prices for crude oil and refined petroleum products since January.

The decision to make cutbacks comes three months after the company announced it was taking a

\$430m after-tax writedown in its fourth quarter to cover losses on its shipping fleet.

Amerada Hess has operations in the North Sea and a major interest in the Seal Island exploration prospect in Alaska.

The New York-based company said it had reduced its estimated 1986 capital spending to \$365m. This compares with \$699m in 1985 and \$900m in 1984. It said it would continue to review its capital spending plans as "oil industry conditions change."

The company has introduced a voluntary special retirement programme.

Gambro lifts earnings despite disposal losses

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

GAMBRO, the Swedish manufacturer of kidney dialysis equipment, has started a modest recovery after its plunge in profits in 1984.

According to preliminary figures, the group achieved a profit before tax and allocations of SKr 39.5m (\$5.4m) last year compared with SKr 22.8m in 1984 and SKr 156m in 1983.

The result was depressed by provisions totalling SKr 60m for losses from operations being disposed of as part of far-reaching retrenchment and restructuring. These include its small diagnostics division and its open-heart surgery unit.

Operating profits for the group

jumped 140 per cent to SKr 126m from SKr 52.5m a year earlier, while profits for the continuing Gambro operations recovered to SKr 99.5m from SKr 35.9m in 1984.

The group said cost-cutting measures during 1985 had begun to take effect. The dividend will be raised 25 per cent to SKr 0.40 a share.

Gambro is majority-owned by Sonesson which controls 57 per cent of the votes and 33 per cent of the equity. Sonesson itself is being taken over by Volvo, as a result of the breakdown of the planned co-operation pact between Volvo and Fermenta, the crisis-hit biotechnology and fine chemicals group.

These Notes having been sold, this announcement appears as a matter of record only.

New Issue March 1986



F. van Lanschot Bankiers N.V.

(Incorporated with limited liability in The Netherlands)

A\$50,000,000
14 1/4% Notes due 1989

- F. van Lanschot Bankiers N.V.
- Orion Royal Bank Limited
 - Rabobank Nederland
 - Security Pacific Hoare Govett Limited
 - Algemene Bank Nederland N.V.
 - Bankers Trust International Limited
 - Banque Paribas Capital Markets Limited
 - EBC Amro Bank Limited
 - HandelsBank N.W. (Overseas) Limited
 - Landesbank Schleswig-Holstein Girozentrale
 - Morgan Stanley International
 - ANZ Merchant Bank Limited
 - Banque Bruxelles Lambert S.A.
 - Crédit Lyonnais
 - Hambros Bank Limited
 - Kredietbank International Group
 - McCaughan Dyson & Co. Limited

This announcement appears as a matter of record only.



Crédit Lyonnais

US\$ 200,000,000
9% Notes due February 1991

- Crédit Lyonnais Morgan Stanley International
Citicorp Investment Bank Limited Union Bank of Switzerland (Securities) Limited

- Commerzbank Aktiengesellschaft Goldman Sachs International Corp.
Merrill Lynch Capital Markets Nomura International Limited
Shearson Lehman Brothers International

- Algemene Bank Nederland N.V. Banca Commerciale Italiana Banco di Roma
BankAmerica Capital Markets Group Caisse des Dépôts et Consignations Chase Investment Bank
Country Bank Limited Crédit Agricole Daiwa Europe Limited Fuji International Finance Limited
Generale Bank Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
IBJ International Limited Lloyds Merchant Bank Limited LTCB International Limited
Mitsubishi Finance International Limited Morgan Guaranty Ltd The Nikko Securities Co., (Europe) Ltd.
Orion Royal Bank Limited Sanwa International Limited Société Générale
Swiss Bank Corporation International Limited S.G. Warburg & Co. Ltd. Westpac Banking Corporation
Wood Gundy Inc. Yamaichi International (Europe) Limited

February 27, 1986

LIBRA BANK PLC

EXTRACTS FROM AUDITED ACCOUNTS

Year ended 31st December

	1983	1984	1985
	£'000	£'000	£'000
CAPITAL AND RESERVES	77,848	92,166	107,584
SUBORDINATED LOANS	51,443	62,363	137,553
CASH AT BANKS, MONEY AT CALL AND SHORT NOTICE, CD'S	287,461	379,554	326,339
US/UK GOVERNMENT SECURITIES	89,373	121,754	194,886
LOANS	1,328,233	1,745,061	1,434,232
TOTAL ASSETS	1,771,405	2,320,521	1,967,908
PRE-TAX PROFITS	31,138	42,648	43,048

HIGHLIGHTS FROM FINANCIAL STATEMENTS

- Pre-tax profit £43 million after transfers to specific and general reserves
- Net Worth increased to £108 million
- Liquidity ratio improved to 27%
- Capital funds 12.5% of total assets

- Shareholders
- The Chase Manhattan Bank N.A.
 - Swiss Bank Corporation
 - Bancomer S.N.C.
 - The Royal Bank of Canada
 - Westdeutsche Landesbank Girozentrale
 - Banco Itaú S.A.
 - Credito Italiano S.p.A.
 - National Westminster Bank PLC
 - The Mitsubishi Bank Limited
 - Banco Espírito Santo e Comercial de Lisboa

Copies of the 1985 Report and Accounts are available from the Company Secretary, Libra Bank PLC, Bastion House, 140 London Wall, London EC2Y 5DN.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Mkt Price	Offer Price	Other Calculations
	Wm. Share Price (%)	Wm. Share Price (%)	Premium (%)
AICHA KOGYO 17/8/80	46.50	48.00	3.12
AJINOMOTO 3/12/80	35.00	40.50	16.29
AOKI CORP 6/3/80	32.50	34.00	4.62
CASIO COMPUTERS 6/3/80	54.50	58.00	6.30
CITOM (New) 4/5/80	84.00	85.50	1.80
CITOM (Old) 20/1/80	67.00	72.00	7.46
DOWA MINING 20/7/80	15.00	20.50	36.67
FUJIKURA CABLE (Old) 28/4/88	42.00	43.50	3.57
FUJIKURA CABLE (New) 30/2/81	45.00	47.50	5.56
FUJITSU 31/1/81	32.00	33.50	4.69
GUINZE LTD 21/1/80	57.00	58.50	2.63
HAZAMA GUMI 1/11/80	185.00	190.00	2.70
JAPAN SYN RUBBER 28/4/88	28.00	29.50	5.36
LESCO 22/12/88	185.00	190.00	2.70
KAWAIBI 20/1/80	40.00	41.50	3.75
KOBELCO 23/1/81	75.00	76.50	2.00
KOMORI PRINTING 20/12/88	52.50	54.00	2.86
MARUBENI 20/3/82	24.00	25.50	6.25
MARUZEN 12/2/80	76.50	78.00	1.96
MINEBEA (S) 20/2/88	66.00	71.00	7.58
MIT CHEMICAL 20/1/87	103.00	107.00	3.88
MIT CORPORATION 7/11/88	63.00	65.00	3.17
MIT ESTATES 16/10/82	52.50	55.00	4.77
MIT GAS & CHEM 20/3/88	44.00	46.50	5.68
MIT HEAVY & IND 29/1/81	33.50	35.00	4.48
MIT METAL (Old) 10/2/88	98.00	104.00	6.12
MIT METAL (New) 10/1/88	19.50	21.00	7.70
MITSUBI SHIP (New) 16/10/88	46.50	48.00	3.23
MITSUBI SHIP (Old) 10/12/87	21.00	22.50	7.14
MITSUBI PETROCHEM 15/2/80	102.00	105.00	2.94
NIPPON MINING (Old) 17/3/88	105.00	107.00	1.90
NIPPON MINING (New) 15/5/80	27.00	28.50	5.56
NIPPON YUSEN K K 10/10/80	37.00	38.50	4.05
NISSHO Iwai 1/5/85	46.00	47.50	3.26
NOMURA SECURITIES 31/10/88	132.00	135.00	2.27
OHYAYASHI GUMI 1/4/80	71.00	73.00	2.83
OMRON TATEISHI 31/3/88	19.00	20.50	8.42
OSADA CEMENT 28/2/80	27.00	28.50	5.56
OPTEC DAI-ICHI 23/2/80	41.00	42.50	3.66
OSAKA TRANSFORMER 28/1/80	60.00	61.50	2.50
PASCO 18/3/81	31.50	33.00	4.76
RENOWN (Old) 24/1/88	35.00	36.50	4.29
RENOWN (New) 14/2/81	36.00	37.50	4.17
RIEON 20/9/80	36.00	37.50	4.17
RYOBI LTD 25/6/80	62.00	63.50	2.42
SEIYU STORES 20/3/87	132.00	135.00	2.27
SEIYU STORES (New) 20/9/80	85.00	87.00	2.35
SONY CORPORATION 28/4/80	28.50	31.00	8.77
TOKYU CORP (New) 34/3/88	34.00	35.50	4.41
TOKYU CORP (Old) 24/1/81	34.00	35.50	4.41
SUMI HEAVY 24/2/88	126.00	128.00	1.59
SUMI REALTY (Old) 21/11/88	182.00	184.00	1.10
SUMI REALTY (New) 13/12/80	60.00	61.50	2.50
TATEHO CHEMICAL 16/1/81	49.50	51.00	3.03
TOKYO ELECTRIC 14/3/89	24.00	25.50	6.25
TOKYO SANYO 8/8/87	59.00	60.50	2.54
TOKYU CONSTRUCTION 18/3/81	32.00	33.50	4.69
TOKYU CORP (Old) 28/1/80	163.00	165.00	1.23
TOKYU CORP (New) 28/1/80	163.00	165.00	1.23
TOKYU DEPT STORES 20/7/80	68.00	69.50	2.21
TORAY IND (Old) 5/6/87	35.00	37.50	7.14
TORAY IND (New) 10/12/80	31.00	32.50	4.84
TOYO ENGINEERING 28/2/88	90.00	92.00	2.22
YAMAMURA GLASS 16/5/80	23.50	25.00	6.36
YAMATO KOGYO 28/1/80	34.50	36.00	4.35
MINEBEA (S) 15/2/80	49.50	51.00	3.03

This announcement appears as a matter of record only. MARCH 7, 1986



INTER-AMERICAN DEVELOPMENT BANK

\$75,000,000 9 1/4 PER CENT. LOAN STOCK 2015

to be a FURTHER ISSUE

of the 9 1/4 PER CENT. LOAN STOCK 2015
Issue Price £94.917 per cent.

The further issue of \$75,000,000 9 1/4 per cent. Loan Stock 2015 has been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland for quotation in the Gilt-edged market.

The basis of allotment is as follows:

Nominal Amount Applied For	Basis
Up to and including £15,000	In full
From £15,100 up to and including £100,000	£15,000 principal amount
Thereafter	10-20% of amount applied for, rounded to the nearest £100 with £50 rounded downwards.

Dealing will begin at 9.30 a.m. on Friday, March 7, 1986 for deferred settlement on Thursday, March 13, 1986.

Baring Brothers & Co., Limited
on behalf of
Inter-American Development Bank

This notice complies with the requirements of the Council of The Stock Exchange and does not constitute an offer, or invitation to subscribe for or purchase, any securities.

TD Mortgage Corporation

(Organised under the laws of Canada)

Cdn \$50,000,000

10% Guaranteed Notes due April 3, 1991
Unconditionally guaranteed as to payment of principal and interest by

TD THE TORONTO-DOMINION BANK
(a Canadian chartered bank)

The following have agreed to purchase the Notes:

- McLeod Young Weir International Limited
- Morgan Stanley International
 - Banque Bruxelles Lambert S.A.
 - Banque Paribas Capital Markets Limited
 - Daiwa Europe Limited
 - Dominion Securities Pitfield Limited
 - First Interstate Capital Markets Limited
 - Gossenschaftliche Zentralbank AG Vienna
 - Goldman Sachs International Corp.
 - Kleinwort, Benson Limited
 - Merrill Lynch Capital Markets
 - Nomura International Limited
 - Shearson Lehman Brothers International
 - S. G. Warburg & Co. Ltd.
 - Salomon Brothers International Limited
 - Credit Suisse First Boston Limited
 - Deutsche Bank Capital Markets Limited
 - EBG Amro Bank Limited
 - Generale Bank
 - Girozentrale und Bank der österreichischen Sparkassen AG
 - Hambros Bank Limited
 - Kredietbank International Group
 - The Nikko Securities Co., (Europe) Ltd.
 - Orion Royal Bank Limited
 - Swiss Bank Corporation International Limited
 - Wood Gundy Inc.
 - Yamaichi International (Europe) Limited

Application has been made to the Council of The Stock Exchange for the Notes, issued at a price of 100% percent, to be admitted to the Official List.

Interest on the Notes, calculated as set out in the Listing Particulars dated March 6, 1986 is payable annually in arrears. The first payment falls due on April 3, 1991.

Listing Particulars relating to the Notes, the issuer and the Guarantor are available in the Escrow Statement and copies may be obtained during usual business hours up to and including March 11, 1986 from the Company Announcements Office of The Stock Exchange and up to and including March 21, 1986 from:

- McLeod Young Weir International Limited
- TD Aldersbury Square
- London EC2Y 7BA
- The Toronto-Dominion Bank
- Trinity Court
- 14-18 Finsbury Square
- London EC2A 1DB
- Cazenove & Co.
- 12 Tokenhouse Yard
- London EC2R 7AN

March 7, 1986

INTERNATIONAL COMPANIES and FINANCE

Industrial Equity registers strong gain

By **Leslie Drummond** in Sydney
INDUSTRIAL EQUITY (IEL), the Australian takeover specialist, posted net profits of 56 per cent to A\$22.7m (US\$20.2m) for its December half-year.
 The company, which is engaged in legal and regulatory wrangles over shareholdings in North Broken Hill Holdings and the Australian Gas Light Company (AGL), pushed sales ahead by 71 per cent to A\$890m, reflecting its increasing operational base particularly through its majority-owned Southern Farmers food group.
 IEL gave no explanation for the rise in earnings other than to say it was in line with expectations. However, during the six months it redeemed several long-standing investment holdings through accepting takeover offers from other sources.
 Group pre-tax profits advanced from A\$23.4m to A\$43.5m after bearing a doubled interest bill of A\$52m and depreciation up A\$7m to A\$13.6m. Tax took A\$7.3m against A\$2.6m while minority interests accounted for A\$6m compared with A\$5.4m.
 Per-share net profits were down from 23.3 cents to 22.2 cents, with the dividend steady at 5 cents a share on increased capital.

Second-half fall at Woolworths Australia

By **Our Sydney Correspondent**
WOOLWORTHS, the Australian supermarket chain, suffered a second-half drop in earnings as it carried the costs of rapid store expansion and the acquisition of the country's rival Safeway outlets.
 Net earnings for the year to February 2 edged up 3.2 per cent to A\$63.31m (US\$44.5m) on a 31 per cent jump in sales to A\$4.85bn.
 The second half was down from A\$42m to A\$38.9m and for the year, Woolworths net margin on consolidated sales was 1.27 per cent compared with 1.62 per cent.
 Safeway appears to have contributed about A\$90m of sales and A\$6m of profits. Woolworths spent about A\$80m cash on Safeway and placed 10 per cent of its capital with Safeway of the US, which now owns 20 per cent.
 Earnings per share on average capital were down from 31.7 cents to 30.4 cents while the dividend is up from 18 cents to 16.5 cents with unchanged final payment of 10.5 cents.

David Dodwell reports on the regeneration of a property colossus

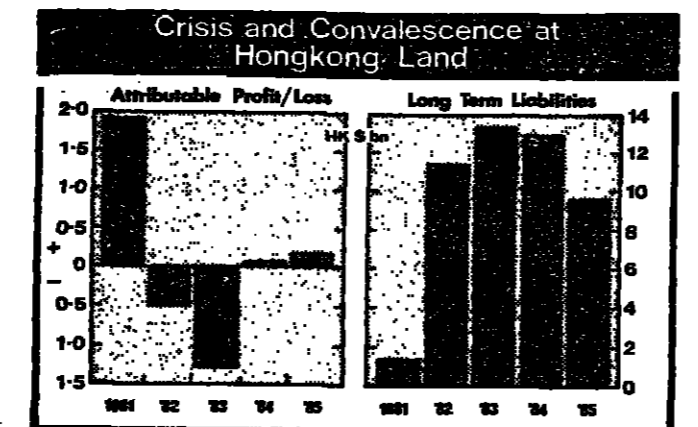
Hongkong Land returns to health

"PEOPLE SHOULD not underestimate the recovery potential of Hongkong Land," said Mr Simon Keswick, chairman of both that company and Jardine Matheson, barely a month ago. His words did not send out a clear enough signal, his affable air certainly did, contrasting the harassed feeling that accompanied two years in the life of the group when survival itself was in doubt.
 Yesterday, Hongkong Land's 1985 results gave fresh to Mr Keswick's signal. With after-tax profits at HK\$551m (US\$70.6m), 55 per cent above those of 1984, and group net indebtedness tumbling below HK\$10bn for the first time in almost four years, Mr David Davies, the managing director, announced a resumption of dividend payments for the first time in more than three years.

While Jardine retains about 35 per cent of Hongkong Land's shares — 25 per cent directly, and 10 per cent through Jardine Securities — Hongkong Land has now twice diluted its holding in Jardine. In January 1984 it reduced its holding to 25 per cent, a level which it now plans to cut further to 10 per cent.
 After the disposal of 52m Jar-

gramme of asset disposals that generated HK\$ 784m to be offset against debt.
 Mr Keswick continues to see the NKS 2.9bn disposal in January last year of Land's holding in Hongkong Electric, the utility company, as a "turning point" in the groups recovery. Most of the cash raised from this sale was applied to reduce debt.
 An improvement in property prices gave the company a net surplus of HK\$ 3.2bn arising from revaluations. This was added directly to company

salings subsidiary, has also performed strongly. It will receive more than HK\$250m in investment this year to expand outlets in Hong Kong and Australia. The Mandarin Hotels group has also had a buoyant year, with its two leading Hong Kong hotels providing most growth.
 For Jardine Matheson, the fate of which has for the past four years been so tightly linked with that of Hongkong Land, yesterday's news may in due course be seen as a watershed. The Hongkong Land shareholding may not yet be generating significant earnings for the company, but after absolutely nothing for the past three years, this year's HK\$115m dividend payment will undoubtedly be welcome.
 Whether it further unshackles itself by seeking to reduce its own holding in Land has yet to be seen. Mr Keswick has given clear signals that this is being considered. The reduction of its stake from 35 per cent to 25 per cent could generate about HK\$1.4bn in cash at current market prices, so such a dilution clearly has its attractions.
 Meanwhile, by "buying in" half of Hongkong Land's holding, Jardine improves its immunity against unwelcome predators. Until yesterday, anyone winning control of Hongkong Land would at the same time have won effective sway over Jardine. Whether this was a serious possibility will now be hypothetical.
 More pertinent, however, is the fact that anyone making a direct assault on Jardine would, if successful, win 35 per cent of Hongkong Land. This has been food for stock market speculation in Hong Kong for almost two years, and remains likely to exercise jaws for many months to come.



After the disposal of 52m Jardine shares to Jardine Securities at a price significantly below the level at which they are held on Hongkong Land's books — the property group will be left with a 12.1 per cent stake in Jardine. This will be diluted further in due course. Mr Davies said yesterday, with a 10 per cent "strategic" stake being retained for the long term.
 The ingredients in Hongkong Land's recovery include a strong performance by its three core businesses — property, foods and hotels — and by a programme of asset disposals that generated HK\$ 784m to be offset against debt.
 Mr Keswick continues to see the NKS 2.9bn disposal in January last year of Land's holding in Hongkong Electric, the utility company, as a "turning point" in the groups recovery. Most of the cash raised from this sale was applied to reduce debt.
 An improvement in property prices gave the company a net surplus of HK\$ 3.2bn arising from revaluations. This was added directly to company

Control of Zim Navigation to be returned to the state

By **Andrew Whitley** in Tel Aviv
CONTROL OF Zim Israel Navigation, the debt-laden Israeli national shipping line, is to be handed back to the Government.
 Its major shareholder, the privately-owned Israel Corporation, which is controlled by the Eisenberg group — has told Israel's Securities Authority that it will transfer its 50 per cent holding to any government-nominated body. If approved, this will give the Government a 90 per cent interest in the loss-making shipping line.
 Israel Corporation and the

UIC buys large stake in United Overseas Land

By **Chris Sherwell** in Singapore
A LARGE stake in United Overseas Land (UOL), a property development company linked to United Overseas Bank (UOB), the most aggressive of the island state's Big Four commercial banks, has been bought by United Industrial Corporation (UIC), the Singapore chemicals, trading and investment concern.
 In two separate deals, UIC has spent an initial \$518m (US\$ 8.36m) purchasing 20m UOL shares to expand its stake from around 2.4 per cent to 14.4 per cent. The company aims to increase the shareholding further.
 The main driving force behind UIC is Mr Oei Hong Leong, who has close Indonesian connections. The Singapore Government has a substantial stake in the company, and its chairman is Mr Dennis Lee Kim Yew, a lawyer and brother of Prime Minister Lee Kuan Yew.
 The 20m shares were bought indirectly from Pembangunan Taman Baru, a Johore-based Malaysian company controlled by Mr Peh Kong Wan.

Sharp rise in Dunlop India's profitability

By **P. C. Mahandri** in Calcutta
DUNLOP INDIA achieved a strong boost in profitability during 1985, a year which brought an injection of fresh equity and managerial talent into the formerly wholly-British offshoot.
 On a 21 per cent rise in sales to Rs 3.6bn (\$292.7m), pre-tax profits rose 3.5 times to Rs 85.5m. With net earnings of Rs 88.4m against Rs 19.9m, the dividend is being raised from 10 per cent to 15 per cent.
 Mr E. M. S. Hammons, the managing director, attributed the improved performance to board and management changes which had put the company "on the move again." These came with the recent involvement of the influential Goenka family.
 Despite the striking recovery the company has earned a return of only 13 per cent on shareholders' funds. The acceptable level of return should be 20 per cent, Mr Hammons said.
 Dunlop India plans to diversify into other areas at an investment of Rs 1bn. Mr Hammons announced without specifying the projects that are being considered.

Canon's growth slowed by dip in camera sales

By **Yoko Shikata** in Tokyo
JAPANESE CAMERA manufacturers, which have achieved earnings growth in recent years largely by diversifying into office automation and electronics, have had to refocus swiftly on their main business following the launch of Minolta's Alpha 7000, an advanced automatic focus single-lens reflex (SLR) camera.
 A 15 per cent fall in camera sales at Canon, combined with the year's steep appreciation, allowed only a modest 5.8 per cent gain in consolidated net profits to ¥37.06bn (\$294.1m) last year, of ¥955.5bn, up 15 per cent.
 Buoyant sales of copiers and electronic business machines more than offset the fall in camera sales, but gross profit margins declined by 0.4 per cent points.
 Canon expects its 1986 pre-tax profits on a consolidated basis to fall by 19 per cent to around ¥30bn, the first earnings setback in 11 years. Sales are projected at ¥1,950bn, up 11 per cent.

Consolidated Gold Fields Finance PLC

£75,000,000
 Guaranteed Floating Rate Notes 1985
 unconditionally guaranteed by
Consolidated Gold Fields PLC

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 5th March, 1986 to 5th June, 1986, the Notes will bear interest at the rate of 12½ per cent. per annum. Coupon No. 5 will therefore be payable on 5th June, 1986 at £1575.34 per coupon from Notes of £50,000 nominal and £157.53 per coupon from Notes of £5,000 nominal.

S. G. Warburg & Co. Ltd.
 Agent Bank

PRUDENTIAL CORPORATION plc

£100,000,000
 Floating Rate Notes Due 1995

Interest Rate	12.35% p.a.
Interest Period	5th March 1986 5th June 1986
Interest Amount per £10,000 Note due 5th June 1986	£311.29

Credit Suisse First Boston Limited
 Agent Bank

BankAmerica Corporation

(Incorporated in the State of Delaware)
 U.S. \$400,000,000
 Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next Interest Sub-period from 7th March, 1986 to 7th April, 1986 the following will apply:

- Interest Payment Date: 9th June, 1986
 - Rate of Interest for Sub-period: 7½% per annum
 - Interest Amount payable for Sub-period: US \$333.68 per US\$ 50,000 nominal
 - Accumulated Interest Amount payable: US \$333.68 per US\$ 50,000 nominal
 - Next Interest Sub-period will be from 7th April, 1986 to 7th May, 1986.
- Agent Bank
 Bank of America International Limited

This announcement appears as a matter of record only.

BFCE

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

DANISH KRONER 400,000,000
 9½ per cent. Notes due 27th February, 1996

unconditionally Guaranteed by
 The Republic of France

- | | | |
|---|--|---------------------------------------|
| Enskilda Securities
Svenska Enskilda Limited | Privatbanken A/S | Société Générale |
| Banque Bruxelles Lambert S.A. | Banque Générale du Luxembourg S.A. | Banque Indosuez |
| Banque Internationale à Luxembourg S.A. | | Bergen Bank A/S |
| Berliner Handels- und Frankfurter Bank | Commerzbank
Aktiengesellschaft | Copenhagen Handelsbank A/S |
| Credit Suisse First Boston Limited | Den Danske Bank | Deutsche Bank Capital Markets Limited |
| Dresdner Bank
Aktiengesellschaft | EBC Amro Bank Limited | Generale Bank |
| Kansallis Banking Group | Kreditbank International Group | Merrill Lynch Capital Markets |
| PK Christiania Bank (UK) Limited | Sparekassen SDS | Svenska Handelsbanken Group |
| Swiss Bank Corporation International Limited | Union Bank of Switzerland (Securities) Limited | |

February, 1986

This announcement appears as a matter of record only.

SAAB-SCANIA

SAAB-SCANIA AKTIEBOLAG
 (Incorporated in Sweden with limited liability)

U.S. \$125,000,000
 9½ per cent. Bonds due 18th February, 1991

- | | |
|---|-------------------------------------|
| Enskilda Securities
Svenska Enskilda Limited | Morgan Guaranty Ltd |
| Deutsche Bank Capital Markets Limited | Bankers Trust International Limited |
| BankAmerica Capital Markets Group | Banque Générale du Luxembourg S.A. |
| Banque Générale du Luxembourg S.A. | Bergen Bank A/S |
| Citicorp Investment Bank Limited | Credit Lyonnais |
| Credit Suisse First Boston Limited | Dillon, Read Limited |
| EBC Amro Bank Limited | Generale Bank |
| Kansallis Banking Group | Merrill Lynch Capital Markets |
| Morgan Stanley International | Privatbanken A/S |
| Salomon Brothers International Limited | Svenska Handelsbanken Group |
| Swiss Bank Corporation International Limited | Swiss Volksbank |
| Union Bank of Switzerland (Securities) Limited | |
| Yamaichi International (Europe) Limited | |

January, 1986

INTERNATIONAL COMPANIES and FINANCE

Alan Friedman profiles a latecomer to the Italian financial world Ligresti: empire built on alliances

"I BELIEVE in alliances. That is my slogan. My strategy is to have alliances with Carlo de Benedetti, with Leopoldo Pirelli, with Montedison, Ferruzzi and Pesenti. I have got to know many people over the years and I never argue with anyone."

University of Padua. He became an aerospace engineer in Florence during military service and finally, in 1959, arrived in Milan to work as an engineer on the extension of runways at Linate Airport.

at current share prices, has a market value of L530bn, which Mr Ligresti says is more than 10 times what he paid originally. He admits that some of the most important shareholdings which SAI controls are entered only at book value.

financed by bank loans. He also says he has great respect for Mr Francesco Micheli, the financier who engineered the stock market raid which resulted in Montedison's takeover last year of the BI-Invest financial and industrial group.



Mr Salvatore Ligresti: contacts with "the right people"

of this man, but he knows what to make of them: "If Ligresti speaks it does not count, but if de Benedetti, Pirelli, Montedison and others then we can make something happen."

SEK introduces 40-year fixed rate Eurobond

BY MAGGIE URRY

SWEDISH Export Credit (SEK) yesterday launched the longest fixed rate bonds yet seen in the Eurobond market with a 40-year bond issue to raise \$200m.

are therefore attractive to trading accounts. Institutional investors with commitments well into the future are also keen to buy them.

than the US 30-year long bond at launch. The bond provides long-term funds at a low cost for SEK, which has a high proportion of long-dated export credits.

Building societies launch interest rate swap issues

BY OUR EUROMARKETS STAFF

BRITISH building societies were yesterday given the go-ahead to arrange interest rate swaps in the sterling market.

The Leeds issue, by Barclays, was the first of its kind. The building societies, took advantage of the freedom straight away by launching a \$50m issue in the fixed rate Eurosterling market which is being written into floating rate money.

Libra Bank to tap sterling market

By Our Economics Correspondent

LIBRA BANK, the London-based consortium which specialises in Latin America, is planning to launch a fixed rate Eurosterling bond issue as part of efforts to diversify its funding base.

\$100m credit for Spanish finance agency

By Peter Montagnon, Euromarkets Correspondent

INSTITUTO de Credito Oficial, Spain's state-owned financing agency, has launched a \$100m eight-year revolving credit in the Euromarkets.

Led by First Chicago, the deal carries a commitment fee of 6 1/2 basis points. Drawings will carry a margin over London interbank offered rates of 10 basis points for the first two years rising to 12 1/2 points for the remaining six.

Bundesbank cut spurs issuers

BY CLARE PEARSON

THE EUROBOND markets saw a crop of new issues yesterday, many of which met with an enthusiastic reception, after the Bundesbank cut the discount rate by half a point.

The lowest coupon ever in the dollar warrants sector was set on a \$150m deal for Nippon Oil. This was 4 per cent, 1/2 below the indicated level.

A low coupon was also set on the \$130m tranche of the issue for Hanwa, the Japanese steel trader, which is guaranteed by Bank of Tokyo. The coupon was 4 per cent, 1/2 below the indicated level.

Bank, Nomura International and Societe Generale. In the sterling sector, Westpac, the Australian bank issued \$50m fixed rate bonds led by Morgan Grenfell.

Nissan Motors came to the market with a \$100m deal, led by Yamachi, with Chase Manhattan and IBI as co-leads. The bonds mature in 1993, and pay a coupon of 8 1/2 per cent.

Bank, Nomura International and Societe Generale. In the sterling sector, Westpac, the Australian bank issued \$50m fixed rate bonds led by Morgan Grenfell.

The lowest ever coupon on a 10-year samurai issue was set by Nikko Securities on the ¥300m issue for Electricite de France, the French state electricity agency.

Von Clemm to head Merrill unit

By Our Euromarkets Staff

DR MICHAEL VON CLEMM, who resigned in January as chairman of Credit Suisse First Boston, has been appointed chairman of Merrill Lynch Capital Markets, the company's global investment banking organisation.

The appointment yesterday came as a surprise to Eurobond bankers, many of whom had expected him to pursue a prepared comment.

Merrill Lynch said yesterday that Dr von Clemm will help the company develop its capital market strategy and client relationships as well as provide guidance on new products and the integration of its cross-border services.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 6

Table with columns for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE, SWISS FRANC STRAIGHTS, and YEN STRAIGHTS. Includes bond names, amounts, and prices.

Advertisement for Genossenschaftliche Zentralbank Aktiengesellschaft (GZB - Vienna). Includes logo, company name, and a list of international bank partners such as Orion Royal Bank Limited, Bank Brussel Lambert N.V., Bankers Trust International Limited, etc.

Canadians buy into Belgian carriage maker

By Paul Cheeseright in Brussels

SOCIETE GENERALE de Belgique has sold a 45 per cent share of BN, formerly La Bruges, to a consortium of Canadian and American investors.

The link with Bombardier, also a rail transport manufacturer with utility vehicle interests, will enhance BN's penetration at international level.

Following the sale, Societe Generale, the major Belgian industrial and financial holding company, will retain 20 per cent of BN's equity.

Although the shift in the BN equity does not involve any immediate cash transfusion for the company, the link with Bombardier opens up the possibility of a wider market for Belgian products.

The chief problem BN has had in recent years is the fact that its international order-book has not been large enough to offset lower demand in Belgium itself.

In 1984, the last year for which figures are available, BN recorded a net loss of BFR 28.6m after making a small profit in 1983.

On the international level BN is currently best known for providing the carriages for the Manila urban transport network. It failed to win contracts for a similar project in Hong Kong, but is now vying for a contract in Kuala Lumpur.

BN has little presence on the North American market. It is hoping to secure this through the Bombardier link. In return it offers Bombardier greater engineering capacity.

US loss hits Cadbury profits

BY LIONEL BARBER

CADBURY SCHWEPPE'S, the chocolate and soft drinks group, reported a 25 per cent drop in pre-tax profits to £35.5m for the year ending December 1985.

However, the figures were in line with City expectations and the shares rose 4p on the day to close at 170p.

The fall was largely due to a 45.5m reduction in profits in the group's critical North American market where it recorded a trading loss of £5.6m. But Sir Adrian Cadbury, chairman, said a stronger pound was also to blame.

Trading profit fell 27 per cent to £113m. In local currency terms, however, outside North America, Cadbury Schweppes companies increased trading profits by 13.5 per cent. The final dividend is maintained at 4.5p, with the total payment unchanged at 5.9p.

Group sales fell 7 per cent to £1.87bn. Sir Adrian said that actual sales had risen by £104m, but the strengthening of sterling against almost all international currencies cut the figure by £246m.

Sir Adrian and his brother, Mr Dominic Cadbury, group

chief executive, both described the performance in North America as quite unacceptable. The losses were largely due to misdirected enthusiasm in the Fore casts of consumer — O — confectionery operations. Forecasts of consumer demand had been out by between 20 per cent and 57 per cent in early 1985.

Mr Cadbury said top management in North America had been changed drastically, including the number of vice presidents, the equivalent of a British director, being cut from 51 to 36.

A former Nestle executive, with 30 years' experience in confectionery, has been appointed to run Cadbury's confectionery division.

"We are now less bureaucratic, less cluttered and (have) less overheads."

In the UK, sales grew from £820.8m to £851.2m, with a £3.3m rise in trading profit to £65.6m. Mr Cadbury said the group's share of the UK chocolate market had risen from 26.1 per cent to 26.5 per cent, the opening a 2.5 per cent gap with its major competitors, Mars and Rowntree.

Mr Cadbury said, Schwepes had shown a very encouraging improvement in the UK. Overall drinks sales fell from £742.5m to £688.8m with trading profits falling from £53.8m to £42.8m. Again, however, these figures were affected by sterling's strength.

Earnings per share fell from 15.65p to 9.31p on a net basis, from 23.62p to 15.56p on a pre-tax basis.

Mr Cadbury said 1986 was a year for a fresh start with the group concentrating on its core businesses, confectionery and soft drinks. Sir Adrian disclosed that several parties had expressed an interest in the food and beverages division in addition to the proposed £82.5m management buy-out. He expected a deal to be completed within the next few weeks, but he declined to name any of the interested parties.

Cadbury Schweppes Australia, the 61 per cent-owned offshoot, pushed net profit 20 per cent higher from A\$20.4m to A\$24.5m on sales which were 29 per cent higher at A\$ 473m. Lachlan Drummond writes from Sydney.

The soft drinks division increased trading profit by 10 per cent to A\$15m, while confectionery was up by 14 per cent. The figures included a first full year from the Cottee's food division which contributed A\$80m sales and A\$5m.

The South African subsidiary suffered from higher raw materials which meant lower profits despite increased sales. Profit before tax and interest dropped to R11.06m from R15.92m. Schwepes sales fell as the fizzy drinks market was depressed throughout the year. Jim Jones writes from Johannesburg.

The group has sold its wine division, trading under Courtenay Wines and R B Smith names, to Edward Butler Vintners for about £1.25m.

● Cadbury and 31 (Investors in Industry) have joined forces to market a in-home fizzy drinks dispenser—SodaMate—in the US and Canada, with up to \$50m to be made available over the next four years. The new product had been developed in the US by Cadbury at a cost of \$15m. See Lex

TI recovery picks up with 61% profit rise

BY DAVID GOODHART

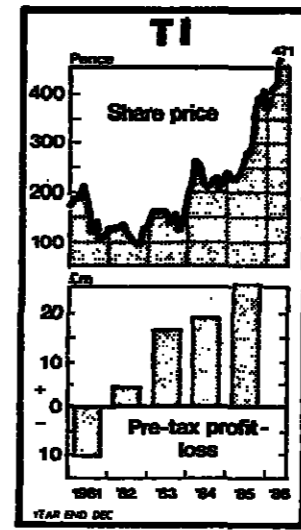
PRE-TAX profits of TI Group, the cycles, home appliances and engineering group, rose by 61 per cent to £30.6m for 1985, re-establishing the group's recovery trend. The results were in line with City expectations but the share price closed up 16p last night at 471p.

Turnover increased by 2.7 per cent to £97.1m although after allowing for disposals and other adjustments the increase is estimated at 8.3 per cent.

Mr Ronny Utiger, the TI chairman, said: "We have strengthened our core businesses, made progress in dealing with loss-makers, and realised £16m by disposal of about half of our peripheral businesses. This is in line with the policies set out in my statement last year, and we approach 1986 with a great deal of confidence."

He added that while £5m had been knocked off the losses there "was still a job to do on the problem businesses"—in particular cycles. The core businesses improved by £8m. Interest costs of just over £20m were unchanged from last year but gearing was down from 42.3 per cent to 33 per cent.

Mr Utiger said that good performances had come from



Mr Utiger again dismissed the likelihood of a bid from Evered Holdings, the fast growing manufacturing conglomerate, which holds a 20 per cent stake in TI. He said that in the light of the figures a bid from the far smaller Evered "is not credible." Mr Kaschid Abdullah, chairman of Evered, said all his options remained open.

By coincidence consultations began yesterday at TI Raleigh's Nottingham plant on the radical restructuring of the cycle company. About 30 per cent of the Raleigh workforce was cut last year but further cuts in the 1800 workforce are likely. Raleigh lost £7.8m last year because despite substantial cost reductions total sales in the UK market fell to 1.5m units compared with a five year average of 1.9m. Mr Utiger said that assuming a return to only slightly below average sales there would be far lower losses in 1986 and with average sales Raleigh might even achieve break-even.

The board is recommending a final dividend of 5p to give a total for the year of 10p, an increase of 3p. Earnings per share are 29.6p compared with 22.2p. See Lex

UK side behind Barclays' record £854m

BY MICHAEL CASSELL

ALL MAJOR UK operations within Barclays, one of the Big Four clearing banks, raised profits during 1985, helping to contribute to a record pre-tax total of £854m, up 37 per cent from the previous year's £623m.

Barclays in the UK returned pre-tax profits of £592m (£249m), while Mercantile Credit contributed a further £79m, up from £63m. Barclays Merchant Bank pushed up profits from £14m to £21m and although other UK operations saw a dip from £81m to £70m, the decline reflected the sale of the stake in the Bank of Scotland.

Group provisions for bad debt eased slightly from £469m to £416m, with the year-end total reaching £1.25bn against £1.29bn in 1984. Specific provisions accounted for £363m (£403m) of the total made during the year.

Barclays is paying a second interim dividend of 10.2p (8.49p) making 18.6p (16.3p adjusted).

Net interest income for the year reached £2.5bn, up 11 per cent, and total group income rose 13 per cent to £3.4bn. Earnings per share went up

by 30 per cent to 69.5p and shareholders' funds and loan capital totalled £5.4bn, an increase of £736m. Assets at the year end stood at £65.1bn (£66.9bn).

The bank's free capital ratio at the end of 1985 was 7 per cent against 5.2 per cent a year earlier. This rises to 7.9 per cent of the January issue of £750m primary capital notes is included.

Barclays said that the integration of the UK and international banks from the start of 1985 had helped to improve overall profit performance.

Among initiatives taken to enhance customers services, a financial services division had been created and further investment had been made in Barclays de Zoete Wedd, soon to become the bank's domestic and international securities and investment group. Capital investment in BZW will reach £250m by next month, when the bank acquires 100 per cent ownership.

Specific bad debt provisions in the UK were down 10 per cent at £181m, 41 per cent of which related to loans of less than

The bank said overseas operations had achieved encouraging results in a number of areas, notably Barclays American Corporation and Barclays Bank of New York.

Pre-tax profits in the US fell, however, by £11m to £34m.

Profits from Barclays' international operations beyond the US declined by 13m to £58m. The bank said that it had decided to adjust profits in areas where the timing of profit-flow was uncertain. It is adopting the same approach in respect of countries experiencing hyper-inflation, in order to recognise its impact on the worth of working capital employed. As a result of the change, pre-tax profits have been reduced by £11m and a reduction of 51m has been made in reserves. The policy change involves seven Third World countries.

● comment
Moves to improve the quality of reported profits are a sign of relative prosperity. Among the UK clearing banks, Barclays has made the most pointed one-

upmanship gesture towards its less well capitalised neighbours by forgoing £41m of pre-tax profit that it would have taken last year, and writing off 251m of reserves. This is only reasonable; where subsidiary dividends do not arrive, profits are only dubiously worth consolidation. If there is a puzzle about this, it is that Barclays did not draw that conclusion earlier. Even after this piece of renunciation, Barclays was able to regain its place at the top of the pre-tax profits league, and its 6.2 per cent ratio of shareholders' funds to public liabilities is a full point ahead of NatWest. The US branch banking network is still a problem (old energy loans still bringing new provisions); outside New York and California, Barclays branch banking in the US may not have a long future. In the UK, however, Barclaycard is still making very nice, if undisclosed, profits and the plc's enjoyment of its rights issue has done wonders for profitability. Down 13 at 499p, the shares yield a very comfortable 5 1/2 per cent.

Court to hear Rank case on IBA veto

By Raymond Snoddy

THE JUDICIAL review of the Independent Broadcasting Authority's decision rejecting the Rank Organisation takeover of the Granada Group will be heard on Monday.

This is the same day as Granada was due to hold its annual general meeting. The plan is for the AGM to be opened and adjourned until after the outcome of the legal proceedings is known.

Granada says that at the adjourned meeting it will provide overwhelming reasons why the Rank bid should be rejected "if it has not been already abandoned by the date of that meeting."

The Rank Organisation asked for the judicial review to see whether the IBA had correctly fulfilled its duties under the 1981 Broadcasting Act in effectively blocking the £753m takeover bid.

The IBA ruled that it was "unacceptable" for the ownership of a viable ITV franchise to change hands.

The articles of association of Granada Group, at the insistence of the IBA, state that no more than 5 per cent of the voting shares in Granada can change hands without the IBA's consent.

The main legal point to be answered is whether the IBA exceeded its authority in finding the Rank bid "unacceptable."

Howden £7m US purchase

Howden Group, the Glasgow-based engineer, is paying at least \$10.25m (£7.1m) cash for Western Design Corporation, a California-based supplier of defence equipment, in its second US acquisition within a week.

Western makes ammunition handling and feed systems for the US armed forces. It made a pre-tax profit of £1.7m for the year ended January 1986 and had net assets of \$3.46m at the year end.

Howden will make an immediate cash payment of \$10.25m followed by up to \$1.4m in June 1987 dependent on profits for the period February 1986 to April 1987. Further profit-linked payments are possible up to 1991.

Mitchell Cotts' 24% downturn

Mitchell Cotts, the engineering, transportation and trading group, yesterday announced a 24 per cent drop in interim pre-tax profits and warned that the outlook for the year was for profits to be lower than the £12.1m achieved in 1984-85.

In the six months to December, profits before tax were £3.23m compared with £4.23m, on turnover down at £167m (£178m). Interest paid was £2.23m (£2.83m). After taxes of £1.56m (£1.81m), minority interests of £149,000, the profit before extraordinary items was £1.53m (£2.34m).

Continuing losses at Alldays, Peacock and at the bleak prospects for Key Resource International led the group to decide to sell the former and close the latter. The writing back of deferred development expenditure for KRI and its closure costs plus the book loss on Allday produced together an extraordinary debit of £4.68m.

After this debit, attributable profits fell into the red at £3.15m (profit £94,000). The interim dividend of 1.5p has been maintained. Earnings per share were 1.65p (3.2p).

Mr John Storax, the chairman, said that adverse exchange rate movements had cost the group £900,000 and that lower tea prices had wiped £400,000 off the contribution from the estates in India in spite of higher production. No tea sales from Uganda were possible as the growing area was within territory controlled by forces opposed to the then government.

● comment
There is a troubled air about Mitchell Cotts. It is a blow to have to sell off a book loss one's oldest group member (Allday's lay claim to having made armour for Cromwell) but the closure of KRI surely must hurt more. Only last year, KRI was created as the vehicle

for co-ordinating the group's engineering activities. The future was to be UK oriented with the emphasis on engineering and transportation as the planned move away from dependence on trading and South Africa came into effect. This act has shocked the market perhaps a little more than the awful figures. The question now being asked is does Cotts know where it's going and just how much will it cost to get there. At least another £500,000 is to come for redundancy costs in the second half and possibly other costs too. For those who have the stock for its yield attractions, the holding of the interim is a small gesture to bolster confidence of what the year end might bring. But with no dividend cover available at the interim and only slim cover, if any, likely at the year end, maintaining the payout could appear an act of exceeding generosity.

Cadbury Schweppes


	1985	1984
	£m	£m
Sales	1,873.8	2,016.2
Trading profit	113.0	154.4
Profit before tax	93.3	124.0
Earnings per share	9.31p	15.7p
Dividends per share	5.9p	5.9p

- The 1985 figures have been adversely affected by the loss in North America and by the impact of exchange rate movements.
 - In local currency terms outside North America, Cadbury Schweppes companies increased their trading profit by 13.5% compared with 1984. Brand shares have been maintained or increased.
 - In North America, the company completed a major reorganisation, a new management team is in place and consumer led marketing programmes have been initiated. Non-recurring costs have been heavy and operating costs have now been reduced. Sales since the beginning of the year have been encouraging.
 - We have sold the Jeyes Division and announced the sale of the Beverages & Foods Division. The sale of these companies will free resources for investment in the mainstream international businesses.
 - To improve profitability and asset utilisation in the Pacific Region, agreement has been reached in principle to merge the Australian and New Zealand companies.
 - We have announced, with The Coca-Cola Company, the formation of a joint company which will bring together the leading soft drinks brands in the British market and enable us to exploit new sales and profit opportunities.
- I believe that the major strategic moves set out above, coupled with the complete reorganisation of our North American operations, have materially strengthened the Group and that our 1986 results will justify the actions taken.
- Adrian Cadbury
Chairman

	Sales		Trading Profit	
	1985	1984	1985	1984
	£m	£m	£m	£m
United Kingdom	961.3	920.8	63.6	62.3
Europe	238.2	232.1	20.6	16.5
North America	357.9	486.0	(5.6)	36.9
Australia	317.7	260.2	21.1	25.0
Africa, Asia & New Zealand	98.9	117.1	11.3	13.7
	£1,873.8	£2,016.2	£113	£154.4

Shareholders will be offered the option of taking a scrip dividend in place of cash and full details will be sent to them.

Copies of the full statement will be sent to all shareholders and further copies are available from the Secretary, Cadbury Schweppes p.l.c., 1-4 Connaught Place, London W2 2EX. Telephone: 01-262 1212.



John Lewis Partnership plc

department stores
and Waitrose supermarkets

Consolidated Results* for the year ended 25 January 1986

Record profit and Partnership Bonus

	1985/86	1984/85	% change
	£m	£m	
Sales	1,369.6	1,206.2	+14
Trading Profit	97.2	78.4	+24
Interest	3.5	3.8	-8
Pension Fund Contributions	11.5	8.8	+31
Profit before tax	82.2	65.8	+25
Taxation	21.6	13.7	+58
Preference Dividends	0.3	0.3	—
Surplus available for profit sharing and retentions	60.3	51.8	+16
Partnership Bonus	30.6	25.7	+19
Retentions	29.7	26.1	+14

*abridged, estimated and unaudited

Profit Sharing All the equity capital of John Lewis Partnership plc is held in trust for the benefit of the workers in the business. The profits remaining after taxation, preference dividends, pensions and allocations to reserves are distributed yearly among the workers as Partnership Bonus in proportion to their pay. This year the rate of distribution will be 20% of pay (1984/5 19%).

For further details please telephone 01-637 3434 ext 6221 or write to Chief Information Officer, 4 Old Cavendish Street, London W1A 1EX.

UK COMPANY NEWS

Williams Holdings climbs to record £6.4m

WITH ALL its divisional activities—except engineering products—showing substantial increases in trading profits, Williams Holdings reports a 55 per cent jump in pre-tax profits for 1985.

where the offer became unconditional on February 11 1986. Comparative figures for 1984 have been restated to include a full year from J. and H. B. Jackson.

Other turnover and trading profits by division resulted: plastics £13.05m (£11.49m) and £17m (£17.9m); foundries £11.06m (£11.96m) and £870,000 (£251,000); and forging £14.02m (£9.48m) and £1.46m (£588,000).

There was an extraordinary credit of £58,000 (£1.94m debit), and ordinary dividends of £1.64m (£535,000), retained profit transferred to reserves amounted to £12.1m (£276,000).

ANGLOVAAL LIMITED (Incorporated in the Republic of South Africa) Reg. No. 65/04580/06 Interim Report for the Half-Year ended 31 December 1985 FINANCIAL RESULTS

Consolidated Income Statement Half-year ended 31 December 1985 1984 R000 % Increase Year ended 30 June 1985 R000

Capital Employed Equity shareholders' interest 404 888 347 465 385 222 2 747 2 747 405 254

Dividends Declared or Paid During the Half-Year 1985 1984 R 000 R 000 Half-yearly dividends on 5 per cent and 6 per cent preference shares

Argyle sheds its Guinness Mahon link

Argyle Trust yesterday took the unusual step of breaking off its banking relationship with Guinness Mahon, after Guinness disclosed it had built up a 9.36 per cent stake in the second mortgage group.

Guinness part of the Guinness Peat group, is understood to be interested in making an offer for the whole of Argyle at or about the then market price. This approach was rejected by Argyle and Guinness withdrew.

Meyer Intl. in £8m sale Meyer International, the largest British timber merchant, is selling off minority stakes in two Far East companies and a freehold property in London's Docklands in two separate deals worth a total of £8m.

Newbold & Burton higher

Newbold and Burton Holdings, the Leicester-based footwear maker attributes better results mainly to continued moves towards broadening the customer base among big UK retailers.

JM progress continues as borrowings fall sharply

Johnson Matthey has consolidated the progress made since its crippled former subsidiary, Johnson Matthey Bank, was taken over by the Bank of England in 1984.

The figures at the three-quarter stage of the 1985-86 year, published yesterday, show a 39 per cent increase in taxable profits to £17.5m, and a further reduction in net money borrowings—at the end of the period, these stood at £17m, some £1.7m down from the previous year's peak.

£100m down on the previous year. The directors say that demand for platinum group metals has remained buoyant, although average sterling prices during the period were lower than last year.

Pacer Systems tops profit forecast

Pacer Systems, the US defence group traded on the USM, doubled pre-tax profits from \$573,000 to \$1.15m (£0.79m) in the year ended December 31 1985. This exceeds the \$1.05m forecast made at the time of the placing in June 1985.

Turnover was up 39 per cent at \$17.04m (\$12.28m). The current order book is about \$52m, having reached \$45m at the year end, up from \$30m at the end of 1984.

Pacer has won major engineering and technical support contracts from the US navy. Last month, the company announced a \$10m software validation contract, in addition to two contracts announced during 1985 worth \$13.8m and \$14m respectively.

SPP rises 40% to £2.7m

IN ITS first results since obtaining a listing in November, SPP, which designs, manufactures and supplies fluid handling systems, has lifted pre-tax profits for 1985 by nearly 40 per cent, from £1.96m to £2.7m.

Belgrave Holdings

Tija AG now has a 33.5 per cent stake in Belgrave Holdings following the purchase of 1.7m ordinary shares (£1.75 per cent) from Tomer Maritime Holdings.

NOTICE OF REDEMPTION NEW ZEALAND Floating Rate Notes due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal Agency Agreement dated as of April 7, 1982 between Her Majesty the Queen in Right of New Zealand ("New Zealand") and Morgan Guaranty Trust Company of New York as Fiscal Agent under which New Zealand issued its Floating Rate Notes due April 7, 1987 (the "Notes"), and the Notes, New Zealand has elected to and shall redeem on April 9, 1986 (the "Redemption Date") all of the outstanding Notes at a redemption price of 100% of the principal amount thereof (the "Redemption Price").

Morgan Guaranty Trust Company of New York P O Box 161 Morgan House 1 Angel Court London EC2R 7AE, England

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UK COMPANY NEWS

Hanson and Imperial bid battle intensifies

BY MARTIN DICKSON

ACRIMONY intensified yesterday in the £2.4bn takeover bid for Imperial Group from Hanson Trust, when Imperial launched a scathing attack on Hanson's profits performance and Hanson accused Imperial of grossly misleading inaccuracies.

Imperial, in a letter to its shareholders, said Hanson's forecast of 1986 pre-tax profits of £340m, up 24 per cent, seemed to confirm the industrial conglomerate's "lack of organic growth."

The letter estimated that the increase was net interest savings from Hanson's rights issue last year, and £23m would be a first time contribution from SCM, the recently acquired US chemicals, typewriter group.

The balance, £3m, was all that was left for organic profit growth. This, it said, suggested that Hanson was itself forecasting profit growth of less than 2 per cent for all of the businesses it would own for all of 1986.

Imperial argued that if Hanson's bid were to succeed, its borrowings, even when shown net of cash, would rise by more than £1.1bn to well over 100 per

cent of net worth.

"With this level of debt, would Hanson make the capital investment which branded consumer businesses need for long term success?" It asked. "Is it not more likely that Imperial would be broken up to reduce the debt? The market would also have grounds for fearing a new Hanson rights issue."

Imperial shareholders, to accept the rival agreed bid from United Biscuits, Imperial said that Hanson's shares had a questionable future value. Its cash alternative offer was worth only 25p, a price earnings multiple of less than 11 times forecast earnings and a "manifestly inadequate price."

Mr Martin Taylor, a Hanson director, last night declined to comment in detail on Imperial's accusations, saying that the company would demonstrate its performance in due course. However, he was delighted that Imperial had given a strong valuation to the contribution from SCM, which all evidence suggested was a good buy.

However, in a letter to Imperial shareholders, Hanson hit back at a recent newspaper advertising campaign in which

Imperial had criticised Hanson's performance.

Hanson, which has issued a written reply to Imperial for defamation, said the advertisement had misrepresented the facts.

For example, one of Hanson's US operations had suggested its performance was unimpressive, whereas the group's record in the US was "one of the most successful of any British companies."

But Mr Geoffrey Kent, Imperial's chairman, said the information published had been obtained from authoritative sources "and in the absence of a detailed response by Hanson, we have had little alternative but to continue to press our points as forcefully as possible."

Hanson said yesterday that it had bought a further 250,000 Imperial shares at 320.5p, raising its stake to 7.7 per cent. United holds 14.9 per cent. On the basis of last night's closing prices, Hanson's cash and shares offer is worth 317p against United's shares, convertible preferred shares and cash offer of about 323p.

GrandMet has slow start hit by weather and weak dollar

BY MARTIN DICKSON

Grand Metropolitan, the hotels, brewing and leisure group, has been affected by several negative influences in the first half of the present financial year but expects to have absorbed the impact by the interim stage, Mr Stanley Grinstead, chairman, told yesterday's annual meeting.

He said the influences included the present weakness of the dollar, which had hit the sterling value of the group's large American earnings. UK betting shops had suffered from the loss of more than 100 race meetings, and an upturn was still awaited in its US fitness business.

On the other hand, some UK businesses, particularly brewing and food, were performing well at present.

Mr Grinstead added that it was too early to give a reliable indication of the prospects for the year. But he said the group's objective was to increase profits year-on-year by a reasonable margin over inflation.

"Given a good summer, I am hopeful we will achieve our objective despite the current weakness of the US dollar," he said.

Grand Met shares fell in response to his cautious remarks, closing at 410p, down 10p on the day.

Mr Grinstead also launched an attack on the Office of Fair Trading, which has warned the brewing industry that it might

be referred to the Monopolies Commission and has distributed a questionnaire to companies on the tied-house system.

The authorities appear to condemn the successful brewing industry in this country to operate forever under the threat of investigation," he said. It is difficult to understand why, particularly since the industry has already responded so positively to earlier criticism and the requirements of the market place.

Brewers now control less than 60 per cent of public houses, against nearly 80 per cent 20 years ago.

Mr Grinstead said this year the company would have the benefit of a full year's trading from two recent US acquisitions, Quality Care, a medical services, and Pearle Health Services, an eyecare business, and he expects a measure of recovery from some of the problems of the winter.

The company was committed to increasing the level of its US profits to match those of its two other trading areas. In 1985, the US had produced a little less than 20 per cent, compared to about 60 per cent in the UK and a little more than 40 per cent by international businesses.

There would be periods, as now, at when exchange rates would run against the group. But in the long term an increasing stream of dollar earnings would benefit shareholders.

COMPANY NEWS IN BRIEF

F.S. RATCLIFFE Industries swung back into profit in the six months to October 31 1985 with pre-tax figures of £1,770 compared with a loss of £57,922 in the corresponding period. First half sales improved from £815,450 to £1,14m. No tax was again payable, and earnings per 25p share were 0.22p against a loss of 7.20p. The company makes precision springs and has interests in contract painting.

FIFE INDMAR, an engineering company, almost overturned a first half downturn and finished 1985 with slightly lower taxable profits of £318,000 (£322,000). The final dividend is in effect unchanged at 2.75p, which holds the total at 3.5p (3.5p adjusted). Turnover was £14.22m (£12.9m) and earnings per share were 0.85p lower at 3.69p.

JAMES WILKES, maker of business forms and equipment, raised pre-tax profits from £770,000 to £1m in 1985 on turnover of £5.75m (£5.6m). Earnings per share were 16.5p (16.7p adjusted). The final dividend of 3.75p (3.6p adjusted) brings the total to 6.75p (4.8p adjusted).

LAW DEBENTURE Corporation increased net asset value per 25p share from 198p to 234.1p in 1985. Pre-tax revenue was £2.99m (£2.45m) and earnings per share came to 6.14p (6.87p). A final dividend of 3.55p makes a total of 6.3p (5.5p).

DAVID DIXON: shares in the Yorkshire-based clothing group, were suspended yesterday at 325p, up 25p since the opening, pending an announcement by the company. Earlier this year, the company called off merger talks with A. & J. Geller, a Glasgow-based textile manufacturer.

OFFICE & Electronic Machines shares closed last night at 217p.

up 7p on the day, following news that Hilldown Holdings had increased its stake in the company from 10 per cent to 14 per cent. OEM is the sole UK distributor for Triumph Adler office equipment. Hilldown, best known for its food business, also has interests in office equipment.

MP KENT — Mr Michael Kent, founder, has increased his stake in the Bristol Evening Post from 20 to 25 per cent. The purchase, through his private investment vehicle Kent Holdings, makes him the largest single shareholder. The company has offered him a seat on the board which he is considering.

REED INTERNATIONAL has disposed of Sphinx, its Dutch subsidiary manufacturing sanitary ware, tiles and refractories, to Algemene Bank Nederland. The sale marks the end of Reed's building products division.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abbott Mead	1.5	—	—	1.5	—
American Elco	0.35	—	—	0.35	—
Barclays 2nd Int.	10.27	Apr 7	8.48*	18.67	16.33*
Cadbury Schweppes	4.3	—	4.3	5.9	5.9
City & Comm.	2.28	Mar 31	1.72	4.5	3.62
City and Foreign Inv.	1	Apr 11	Nil	1	Nil
Corah	2.4	—	2.4	4	4
Delaney Group	1.6	May 1	1.4	2.4	2.2
Family Trust	5.38	Apr 28	4.4	8.26	6.9
Fife Indmar	2.75	Apr 28	2.75*	3.5	3.5*
Instem	1.5	July 3	0.5	2.25	0.5
Law Debenture	3.55	Apr 23	2.25	6.3	5.5
Lex Service	6.5	Apr 17	6.5	10.6	10.6
Mitchell Cottrell	1.5	—	1.5	—	4.25
Newbold & Burton	1.54	—	1.54	3.08	3.08
Shires Inv. 3rd Int.	2.5	Apr 25	1.5	—	12.5
SPT	2	May	Nil	2	Nil
Thermax	11	—	Nil	—	1
TI Group	8	—	5	13	10
James Wilkes	3.75	—	3.6*	6.75	4.8*
Williams Hides	8	May 9	Nil	8	Nil

Dividends shown in pence per share except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Final of 0.525p forecast. ††14 month period.

LADBROKE INDEX
1,299,1394 (-2)
Based on FT Index
Tel: 01-427 4411

CORAH


Results of Corah plc for the year ended 31st December, 1985

	1985 £'000	1984 £'000
Sales	96,971	69,379
Operating Profit	3,551	4,351
Interest	2,135	1,170
Employee Share Participation Scheme	—	75
Exceptional Items	729	2,884
Net Profit on Ordinary Activities before Tax	687	3,106
Taxation	505	931
Net Profit after Tax	182	2,175
Earnings per Share	0.5p	7.2p
Dividends:		
Preference Shares	14	14
Interim paid 1.6p per Share	551	474
Final proposed 2.4p per Share	826	824
	1,391	1,312

Extracts from the Chairman's Statement:

- The Results for 1985, which reflect the first full year's trading activity of the Reliance Group acquired in December 1984, are very disappointing.
- However, the Board has decided to recommend the maintenance of the final dividend of 2.4p per share net, making a total distribution of 4p per share for the full year. This demonstrates our confidence in achieving a return to a more satisfactory level of profitability in 1986.
- Margins are showing some improvement, due mainly to increased selling prices, containment of costs and more favourable raw material prices.
- Whilst there has been a slow start to the sale of Spring merchandise in the High Street the overall prospects for 1986 remain promising and current indications are that every division of Reliance will contribute to Group profit in 1986.

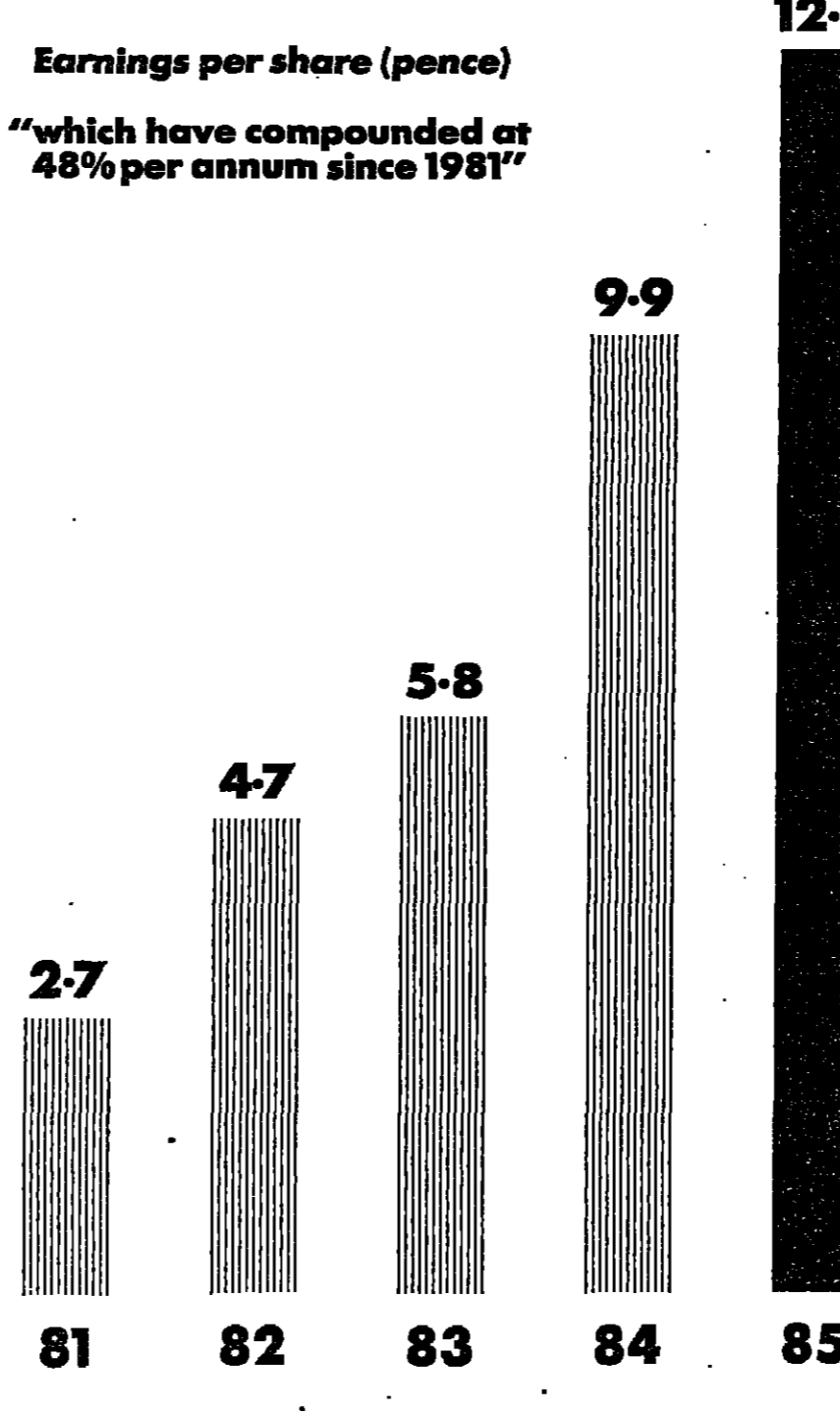
Corah plc., Burleys Way, Leicester



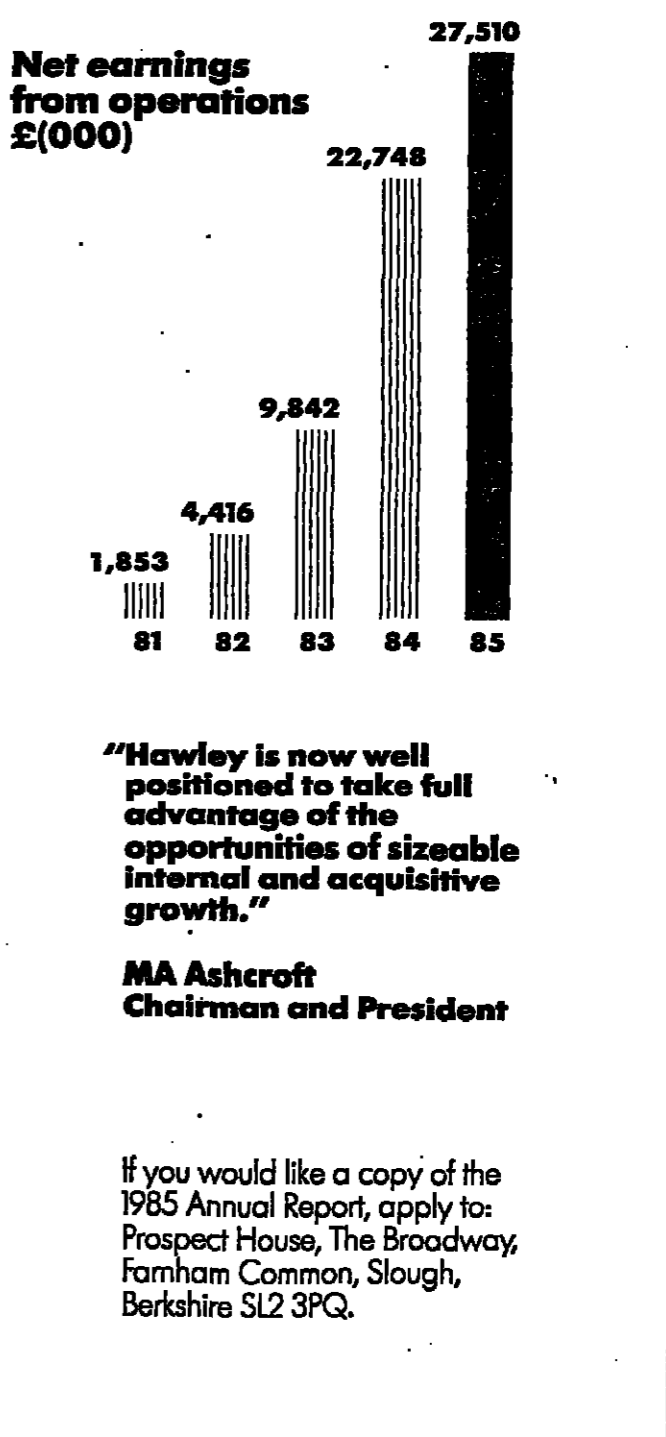
Another record year

Earnings per share (pence)

"which have compounded at 48% per annum since 1981"



Net earnings from operations (£'000)



"Hawley is now well positioned to take full advantage of the opportunities of sizeable internal and acquisitive growth."

MA Ashcroft
Chairman and President

If you would like a copy of the 1985 Annual Report, apply to:
Prospect House, The Broadway,
Farnham Common, Slough,
Berkshire SL2 3PQ.

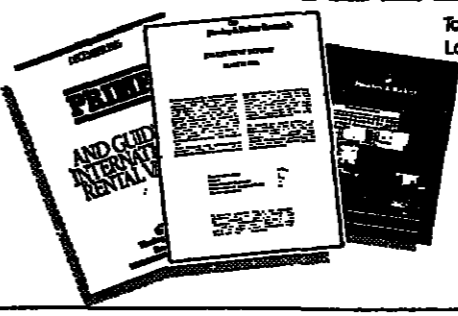
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 Tel. _____

Brasilest S.A.

Net asset value as of 27th February, 1986

per Cr\$ Share: 24,521,284

per Depository Share: U.S.\$16,660.95

per Depository Share: (Second Series) U.S.\$15,845.64

per Depository Share: (Third Series) U.S.\$12,314.63


per Depository Share: (Fourth Series) U.S.\$12,438.69

NOTICE TO ORIGINAL BONDHOLDERS

CSR LIMITED A\$ 129,200,000

OPTION BONDS 1992

This is to remind Original Bondholders in accordance with Clause 15 (A) (viii) of the Trust Deed, that from 7th April 1986 Original Bondholders will be entitled to convert fully paid Option Bonds into Ordinary Shares of A\$ 1.00 of CSR Limited at the rate of 100 Ordinary Shares for each A\$ 380 principal amount of fully paid Option Bonds so converted.


 Principal Conversion Agent

BOARD MEETINGS

Company	Date
BSG International	Apr 2
Collins (William)	Mar 12
Levorgton Distillers	Mar 14
Jaguar	Mar 13
London & Scottish Marine Oil	Mar 25
Metal Cloosure	Mar 26
Refuge	Mar 19
Ryan International	Mar 20
Trade Indemnity	Mar 25

TODAY

Interims: Consolidated Plantations, J. Jarvis.

Finals: Alliance Trust, Anglo American Industrial, Ibrak Bryant, STC.

FUTURE DATES

Finals: Ansbacher (Henry) Mar 14, Atlantic Computers Apr 1

UK COMPANY NEWS

Electronics fall leaves Lex halved

A £22m TURNROUND into loss on the US electronic component side has left pre-tax profits of Lex Services halved at £23.6m for 1985, compared with £46.8m. After tax of £9.8m (£19.4m) earnings per share are shown as 17.0p, against 34.7p, while the dividend is maintained at 10.6p with a same-again final payment of 6.5p.

The directors explain that while the automotive distribution and leasing businesses had another successful year, the company experienced a severe downturn in demand for electronic components, particularly semiconductors.

Management of the group's electronic component businesses continue to take prudent measures to improve profitability, directors say. While there are indications, particularly in the US, that demand for these products is increasing from the low level of 1983, the company is

not yet sure that this improvement will be sustained.

Directors say the current year has started well for the automotive distribution businesses. In the first two months the market for passenger cars in the UK remained buoyant and Volvo concessionaires increased its sales and market share.

Mr Trevor Chinn, chairman and managing director, says that overall results for 1985 will be mainly affected by the performance of the electronic component distribution industry and, in particular, by the demand for semiconductors. Steps taken by manufacturers to bring production more closely into line with demand and the significant fall of the US dollar against the yen, "are assisting in the recovery of prices."

Turnover for the year amounted to £1.04bn, compared with £1.2bn and with trading profits of £33.2m (£64.4m) were

split as to: automotive distribution — UK £585.1m (£514.8m) and £31.1m (£30.2m); electronic component distribution — UK £51.3m (£59.7m) and £0.8m (£6m); US £270.9m (£421.3m) and £2m loss (£19.9m profit); West Germany and France £43.8m (£43.8m) and £0.7m loss (£3.7m profit); transport — UK £73m (£63.9m) and £3.7m (£0.5m); other activities — UK £2.1m (£15.8m) and £0.2m (£1.3m); US £12.6m (£77.6m) and £0.2m (£2.1m).


● **comment**

In the last nine months the market has changed its mind about Lex's depressed rating. While the company's prospects have improved they have not improved as much as a doubling of the share price would suggest — it seems that just as earlier dependency was overcome, so was the furry of excitement before yesterday's results, and

the shares closed 14p lower at 321p. On the face of it there is not much encouraging about a 50 per cent fall in pre-tax profits. However, such a result was fully anticipated, and the troublemaking component distribution business is certainly over the worst. Even so, the tone of the statement was rightly cautious, and although a recovery in terms of component price and market share—as a stronger yen saps Japanese competition—can be expected, it may not come through either at once or overwhelmingly. Volvo Concessionaires, which saved Lex's skin in 1985, has started this year well with the introduction of the new 700 series. Meanwhile the sale of the parcels operations will reduce gearing to under 10 per cent and release valuable management time. On profits of £32m this year the shares are on a prospective p/e of 14.


TWO KEY DATES FOR THE MOTORING WORLD

April 26th to May 1st 1986



- All spheres connected with integrated transportation and the automobile industry.
- The spare parts, component parts and accessory industry.
- Equipment for garages, work shops, casting, forging, etc.
- Bicycles, mopeds, motor cycles, and everything connected with the manufacture and marketing of these.
- Lubricants and similar products connected with the automobile industry.
- Equipment for handling and haulage of material for assembly chains, conveyor belts and transportation bands.
- Land, sea and air transport, freight and carriage.

2nd to 10th May 1987




- Cars.
- Motor homes.
- Lorries commercial vehicles, industrial vehicles, special transportation vehicles and car washers.
- Coaches, buses and minibuses.
- Parts, components parts, spare parts and accessories.
- Bicycles, mopeds, motor cycles.
- Garage, repair shop and service equipment.
- Lubricants. ● Competition section.

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THIS ADVERTISEMENT IS ISSUED IN COMPLIANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1985 AND THE STOCK EXCHANGE ACT 1985.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of MENVIER-SWAIN GROUP plc in the Unlisted Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing. A prospectus of the Shares being placed may be available to the public through the market.



MENVIER-SWAIN GROUP plc
(Incorporated under the Companies Act 1985 in the United Kingdom)

Placing by
J. Henry Schroder Wagg & Co. Limited
of
1,800,000 ordinary shares of 5p each at 120p per share payable in full on application

Authorised £100,000	Ordinary Shares of 5p each	Issued and being issued (all fully paid or credited as fully paid) £55,333
------------------------	----------------------------	--

The principal business of the Group is the design, manufacture and sale of emergency lighting and fire alarm products. In addition, the Group has an increasing presence as a manufacturer of miniaturised electronic circuits known as thick film products and is involved in electrical and mechanical contracting and other services.

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies may be obtained during usual business hours up to and including 21st March 1986 from:

J. Henry Schroder Wagg & Co. Limited
120 Cheapside, London EC3V 6DS

Phillips & Drew
120 Moorgate, London EC2M 6XP
7th March 1986

Pacer Systems, Inc.

Pacer Systems . . . a design, development and support group serving defence markets.

Preliminary Announcement 1985

	1985 \$000s	1984 \$000s
Profit before tax	1,145	573
Profit after tax	595	313
Turnover	17,037	12,279
Earnings (undiluted) per share	\$0.16	\$0.10
(diluted)	\$0.14	\$0.09

The abridged profit and loss account for the year ended 31st December 1985 is an extract from the Report and Accounts upon which the auditors have given an unqualified report.

Highlights 1985

- ★ Pre-tax profits up 90%
- ★ Turnover up 38%
- ★ Improved order book to \$45 million, a 50% increase over 1984

Copies of the Report and Accounts will be posted to shareholders on the 2nd April 1986. Copies may be obtained from Pacer Systems, Inc., Airwork House, 35 Piccadilly, London W1V 9PB

Menvier-Swain joins USM

By Richard Tomkins

Menvier-Swain, the emergency light and fire alarm maker which last week unveiled plans for a USM flotation, yesterday announced the placing of 1.8m shares at 120p through Schroders, the merchant bank.

The price gives a market capitalisation of £18.3m.

Pre-tax profits after directors' emoluments rose from £188,000 in the year to April 1981 to £553,000 last year. At least £1.57m is forecast for the year to April 1986, putting the shares on a prospective p/e ratio of 13.5 after 43 per cent tax.

Profits mainly come from making emergency lighting systems and fire alarms for offices, factories and public buildings. The company claims 25 per cent of the market for emergency lights and a small but growing share of the fire alarms market.

Other activities involve electrical and mechanical subcontracting and making miniaturised electronic circuits for customers' requirements.

Of the shares being placed, 88 per cent are now shares, and the rest are being sold by existing shareholders. The flotation will raise just over £1m net which the prospectus says will be used to cut borrowings, provide working capital and finance capital spending.

Reliance cuts Corah profit

AFTER £729,000 exceptional charges, the pre-tax profit of Corah has fallen from £3.11m to £887,000 for 1985. The results include Reliance Group, whose trading difficulties proved more severe than originally anticipated.

The dividend however is unchanged at 4p net per share, the final being 2.4p Mr Nicholas Corah executive chairman says this demonstrates confidence in achieving a return to a more satisfactory level of profitability in the current year.

The group produces knitted clothing and fabrics, and has important trading links with Marks and Spencer and other high street retailers.

Mr Corah says there has been a slow start to the sale of Spring merchandise in the high street but all prospects for 1986 remain promising, and current indications are that every division of Reliance will contribute to profit.

Performance in manufacturing and margins improved in November and December and this has continued.

The exceptional charges for this year relate to Reliance — £375,000 is bank interest on a temporary injection of funds to support head-start of production, and £354,000 for the loss on the disposal of excessive substandard underwear and sock stock.

In the year group sales rose from £69.38m to £96.97m and the operating profit fell to £3.5m (£4.35m). Mr Corah says margins have proved more severe than expected but he remains confident that benefits



Mr Nicholas Corah, chairman

will materialise and this is being borne out by the trading results of recent months.

● **comment**

Corah's results are lamentable. The Reliance acquisition, which last year seemed such a good idea as it provided much needed sewing capacity, now looks if not quite a disaster, at least an expensive purchase. The company was in much worse condition than Corah had thought, and has proved a greedy consumer of Corah's scarce cash. While Reliance should make money this year, the fact that the two small acquisitions made by Corah in 1984 are now making losses, is a poor advertisement of its managerial skills. All this would have mattered less if Corah's core businesses had seen a good year, but margins there were squeezed from both sides. However, for this year prospects are brighter, as sterling cotton prices are lower, and there is some evidence of increase in selling prices. The decision to maintain the dividend was of greater moment to the market than the text of the results, and the shares at yesterday's close of 99p are firmly supported by a yield of 5.8 per cent. Dividend apart, the shares have little going for them, and gearing of nearly 65 per cent is a cause for concern. If Corah could produce a decent set of results, a rights issue might not be far behind.

too yarn and the strong dollar increased the cost by some £1.25m. Interest charges shot up from £1.7m to £2.14m and left the pre-tax and exceptional item profit at £1.42m (£3.11m).

The chairman says in the Corah operation underwear, the largest production group, was hit by the increased cost of raw materials and high street competition, and experienced a substantial reduction in profit. The knitwear side showed encouraging growth.

Turning his attention to Reliance, Mr Corah tells shareholders that although it recorded total losses of £3.3m in the eight months to December 31 1984 it was bought with longer term benefits in mind. Difficulties have proved more severe than expected but he remains confident that benefits

IN BRIEF

FAMILY INVESTMENT Trust raised net asset value per 25p share from 265.7p to 309.9p in the year to January 31 1986. Net earnings for the period improved from £303,940 to £377,721, after an increased tax charge of £164,921 (£131,549), and the dividend for the year is being stepped up by 1.35p to 8.25p net via a final of 5.375p. Earnings per share totalled 8.5p (6.81p). Total gross revenue amounted to £947,811 (£526,038). Mr B. C. Siddons, a director of Kleinwort Benson Investment Management, has been appointed a director of the company.

CITY & COMMERCIAL Investment Trust says its net asset value per £1 capital share increased from 838.6p to 924.7p in the year to January 31 1986. The final dividend is increased from 1.72p to 2.279p net for an increased total of 4.502p (3.615p), and stated earnings per share were 4.502p against 3.615p. Pre-tax revenue was up from £1.24m to £1.55m. Dividends and interest amounted to £1.38m (£1.14m); deposit interest was up from £194,000 to £288,000, and underwriting and other commissions totalled £22,000 (£25,000). Expenses and interest charges were higher at £134,000 (£121,000) and tax was £486,000 against £382,000.

DELANEY GROUP the furniture maker's distributer reported pre-tax profits of £660,000 for 1985 against £656,000 for the 14 months to the end of 1984. Turnover was £8.04m (£6.89m), and earnings per share dropped from 4.19p to 3.93p. The final dividend is 1.6p (1.4p), bringing the total to 2.4p (2.2p).

GREENWICH RESOURCES' annual meeting learned yesterday that the company had made its most significant gold find to date in the Gobei area of Sudan. Mr M. R. Bichan, chairman of the precious metals exploration and mining concern, also announced plans to sign a contract this month to buy a new gold processing plant in a joint venture with the Egyptian Government.

CITY AND FOREIGN Investment announced net revenue before tax up from £18,555 to £19,395 for the year 1985. The final dividend is 1p, the first for two years. Earnings per share were 0.78p (0.38p) and net asset value per share was 141p at the year end (159.5p).

INSTEM, USM-quoted electronics group, increased pre-tax profits by 35 per cent from £646,000 to £872,000 in the year to December 27 1985 on turnover ahead at £6.06m (£4.95m). Earnings per 10p share rose from 8.85p to 11.23p and the total dividend is 2.25p with a 1.5p final. A single 0.5p was paid in 1984. Tax took £267,000 (£274,000).

Hongkong Land

Dividend Restored

1985 witnessed further improvements in both profit and cash flow. Together, these have allowed a meaningful dividend to be proposed for the first time in three years.

The balance sheet has been strengthened substantially with debt decreasing and shareholders' funds increasing. Property values continued to improve. Net borrowings as a percentage of shareholders' funds are now down to 64% from 104%.

	1985	1984
HK Dollars		
Profit after taxation	\$551m	\$354m
Earnings per share	23.6¢	16.5¢
Ordinary dividends per share	15¢	1¢
Net borrowings	\$10,542m	\$14,338m
Shareholders' funds	\$16,480m	\$13,832m
Net asset value per share	\$7.12	\$6.45

US\$1.00 = HK\$7.80



The Hongkong Land Company Ltd
The 1985 Report and Accounts will be available on 9th April 1986. Copies may be obtained from:
Group Communications,
The Hongkong Land Company Ltd, One Exchange Square, Hong Kong.
Telex: 75102 LANDS HX

FannieMae

\$800,000,000
7.55% Debentures
Dated March 10, 1986 Due April 10, 1989
Series SM-1985-M Cusip No. 313586 UT 4
Non-Callable
Price 100%

\$500,000,000
7.90% Debentures
Dated March 10, 1986 Due March 10, 1988
Series SM-1983-E Cusip No. 313586 UU 1
Non-Callable
Price 100%

\$400,000,000
8.20% Debentures
Dated March 10, 1986 Due March 10, 2016
Series SM-2016-A Cusip No. 313586 UV 9
Non-Callable
Price 99.875%

The debentures are the obligations of the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States, and are issued under the authority contained in Section 304(a) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.).

The offering is made by the Federal National Mortgage Association through its Senior Vice President-Finance and Treasurer with the assistance of a nationwide Selling Group of recognized dealers in securities.

Debentures will be available in Book-Entry form only. There will be no definitive securities offered.

Gary L. Perlin
Senior Vice President-Finance and Treasurer
3800 Wisconsin Avenue, N.W., Washington, D.C. 20016

This announcement appears as a matter of record only.

UK COMPANY NEWS

Argyll fails to block new Guinness bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Argyll Group's legal move to block a revised bid by Guinness for the Distillers drinks group failed in the High Court yesterday.

The court rejected Argyll's allegation that a reference to the Monopolies and Mergers Commission was made in the original bid by Guinness's chairman, Sir Godfrey Le Quesne, QC.

Mr Justice Macpherson said that Sir Godfrey had acted within his legal powers and had been entitled to accept the bid of Guinness and Distillers that the original merger proposal of January 13 had been abandoned.

Guinness's revised bid, made the day after the reference of the first bid had been laid aside, was "an obviously different and important matter that it has left the old bid behind rather than a discarded skin," the judge said.

Argyll, which has made an opposed bid for Distillers, is to appeal against the ruling.

It had asked that both the decision on February 19 to lay aside, and the Secretary of State for Trade and Industry's consent to the laying aside, should be quashed. The company also sought a declaration that the reference, which had the effect of lapsing the Guinness bid, was valid and subsisting.

Argyll's argument, contested by the Commission, Guinness and Distillers, was that, in acting on his own, instead of leaving the decision to the whole Commission or a group of its members, Sir Godfrey exceeded his powers under the 1973 Fair Trading Act.

Also, Argyll contended, he



Protagonists in the High Court: Sir Godfrey Le Quesne, QC (left), chairman of the Monopolies Commission, and Mr James Gulliver, chairman of Argyll

ought not to have concluded on the facts that the original Guinness bid had been abandoned.

The judge said that it was plain that for all three companies there were very large sums of money and very big issues at stake.

From Argyll's point of view, the reference would leave it at the head of the field of the suitors of the Distillers' shareholders.

From Guinness's point of view that consequence would be very expensive and its merger with Distillers would have, at least temporarily, to be put into cold storage.

For Distillers there would be uncertainty and for its shareholders the likelihood of a lower bid than might otherwise be the case.

The judge concluded, however, that Argyll's claim failed on both grounds.

Argyll had argued that Sir Godfrey erred because he focused on the earlier Guinness offer had considered it abandoned when all that happened had been the emergence of a varied offer in a continuing process intended to lead to a merger between Guinness and Distillers.

The judge said that the Commission had to consider the specific proposal made in the offer, and not the general intention or general arrangements of the parties or the bidder.

That specific proposal had been the particular bid made by Guinness on January 20, which had been referred to the Commission by the Secretary of State, and it had been that that Sir Godfrey had considered.

State, and it had been that that Sir Godfrey had considered.

The judge rejected Argyll's argument that such a view of the Commission's task would drive a coach and horses through the Act, enabling a bidder to escape a reference by making a marginally increased offer.

There was real protection against that, the judge said. An abandonment was subject to the minister's consent; he could refer the new bid; a revised or marginally increased bid involved much expense and was most unlikely to be undertaken lightly.

The purpose of section 75(5) of the 1973 Act, under which Sir Godfrey had acted, was to allow the Commission to clear its decks without having to exercise its functions on a corpse.

In a clear case of abandonment, how could it be anything other than ritual to require either the Commission, or a group, to propose laying aside the reference, the judge asked.

Purely as a matter of commonsense, he added, there could be only one answer.

Not only had Sir Godfrey's action been a commonsense one, it had also been legitimate. His power was to be irresistibly implied from the wording of the Act; over the years the Commission had allowed it to perform that part of its functions; and Parliament could not have intended that an almost immediate abandonment should necessitate the appointment of a group, or a session of the whole Commission, to make the preliminary view that a proposal had been abandoned.

The judge said that he would have been most unhappy to have had to decide that "this eminently sensible, practical and speedy process" had been beyond Sir Godfrey's power. "But I am not forced to a conclusion which does not accord with commonsense."

He ordered Argyll to pay the legal costs of the Commission, group, Secretary of State, Guinness and Distillers.

Abbott Mead ahead of forecast with £2.25m

Abbott Mead Vickers, one of the UK's fastest growing advertising agencies, has beaten its 1985 profit forecast of £2.1m made in the November prospectus. Pre-tax figures for the year ended December 31 jumped from £887,000 to £2.25m.

The increase over forecast was largely due to higher client spending during December. Gross billings climbed from £34.38m to £50m, against a prediction of £47.5m when the company came to the market.

Directors say the year ended on a high note with two new business gains, Sealink and the corporate advertising account of Ladbroke. The current year has also started well with new business from Tefal, an existing client, and a successful pitch for the Pork Farms account, a division of Northern Foods.

The public flotation has created considerable additional interest and business activity is very encouraging, the company states.

Abbott has budgeted for significant additional staffing during 1986 to ensure that its growth is not only rapid but stable.

As predicted in the prospectus, there is a final dividend of 1.5p net. Stated earnings per share rose sharply from 3.94p to 10.54p, after tax of £884,000 (£450,000).

comment

Abbott Mead Vickers said

onto the stock market in November on the strength of profit projections of £2.1m and David Abbott's warning that the shares have already gained 45p on their placing price when the agency just pipped its own profit forecast the market left unchanged at 228p. Abbott Mead Vickers has already collected four new accounts since the flotation and is actively searching for more, including the one for Thames Television's flotation. Given that the accounts are concentrated in just one fifth of the main advertising categories there is lots of scope for organic growth without running the risk of client conflict. The prospectus paid lip service to the acquisition that the City seems to expect from every advertising agency. But there are so many agencies chasing so few public relations and sales promotion consultancies that the directors have sensibly, decided to wait until the right opportunity comes along. International expansion, possibly in conjunction with Seal McCable Stoves, the American agency which owns nearly 25 per cent of its equity, looks more likely. But 1986 should be a year of consolidation as it expands its staff and augments facilities. The City expects profits of £2.9m for the next financial year, producing a p/e of 15.

CPU Computers perks up and sees growth ahead

THE SIX months to December 31 1985 saw turnover of CPU Computers remain static at £7.76m, but profits at the pre-tax level surge from a depressed £10,000 to £251,000.

Furthermore, the directors are confident that the better conditions becoming apparent in the UK, together with the restructuring of the UK operations and the continuing growth of Synlec, will enable the group to resume and maintain a steady growth.

To bring all the divisions into the same accounting period year-end is being changed to end-December. Statements will be presented for the 12 months to June 1986 and for the six months to December 1986. Thereafter, statements will be audited to December 31 each year. The dividend situation will be reviewed at the end of the financial year.

The group's UK operations have undergone a major restructuring. New management has been appointed, new

products introduced, tighter controls have been instigated at all levels and UK borrowings have been drastically reduced.

LSI has continued to strengthen its exclusive franchise network and the division achieved a modest growth during the period. LSI software made a contribution to group profits.

This announcement appears as a matter of record



THE INDUSTRIAL DEVELOPMENT BANK OF INDIA (I.D.B.I.)

Medium Term Loan Facility US \$ 25,000,000

- Lead Managed by
- BANQUE PARIBAS (LONDON)
- CREDIT DU NORD
- MIDLAND BANK INTERNATIONAL
- NATIONAL WESTMINSTER BANK GROUP
- Provided by
- MIDLAND BANK PLC
- INTERNATIONAL WESTMINSTER BANK PLC
- CREDIT DU NORD
- PARIBAS FINANCE LIMITED
- ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED
- SAUDI INTERNATIONAL BANK
- ITALIAN INTERNATIONAL BANK PLC
- NIPPON EUROPEAN BANK S.A. LTCB GROUP

Agent BANQUE PARIBAS (LONDON)

January 1986

NOTICE OF REDEMPTION

THE PROCTER & GAMBLE COMPANY

Extendible Notes Due December 15, 1994

NOTICE IS HEREBY GIVEN that, pursuant to paragraph 7(c) of the Terms and Conditions of the Notes described above (the "Notes") the Company has elected to and shall redeem on March 31, 1986 (the "Redemption Date") U.S. \$53,000,000 aggregate principal amount of Notes at a redemption price of 101.75% of the principal amount thereof (the "Redemption Price"), plus accrued interest from December 15, 1985 to the Redemption Date in the amount of \$32.02 for each \$1,000 principal amount of Note. The serial numbers of the Bearer Notes selected for redemption are as follows:

OUTSTANDING BEARER NOTES IN THE DENOMINATION OF U.S. \$1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

FROM	THROUGH	FROM	THROUGH	FROM	THROUGH
1001	1500	13001	13500	52501	54000
5001	5200	14501	15000	53001	55000
5201	5300	15501	16000	53501	56000
7001	9500	16501	17000	54001	58000
10001	11000	17501	18000	54501	60000
12001	14000	18501	19000	55001	61000
13001	15000	19501	20000	55501	62000
13501	17000	20501	21000	56001	63000
21001	21500	21501	22000	56501	64000
28501	28500	22501	23000	57001	65000
28501	29500	23501	24000	57501	65500
30801	31000	24501	25000	73501	74500

OUTSTANDING BEARER NOTES IN THE DENOMINATION OF U.S. \$10,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

FROM	THROUGH	FROM	THROUGH	FROM	THROUGH
151	200	2201	2350	5351	5400
251	300	2351	2500	5451	5600
351	400	2451	2600	5551	5750
451	500	2551	2700	5651	6000
501	550	2651	2800	5751	6100
601	650	2751	2900	5851	6200
701	750	2851	3000	5951	6300
801	850	2951	3100	6051	6400
901	1100	3051	3200	6151	6500
1001	1150	3151	3300	6251	6600
1201	1200	3251	3400	6351	6700
1301	1400	3351	3500	6451	6800
1401	1500	3451	3600	6551	6900
1501	1700	3551	3700	6651	7000
2051	2100	3651	3800		

The Notes shall become due and payable on the Redemption Date at the Redemption Price, plus accrued interest, which shall be paid upon presentation and surrender of the Notes, together with all coupons thereto appertaining maturing after the Redemption Date, at the paying agents listed below.

The Notes to be redeemed will no longer be outstanding on and after the Redemption Date, interest on the Notes will cease to accrue from and after the Redemption Date, the coupons for such interest shall be void, and the sole right of a Note holder shall be to receive the redemption price plus interest accrued on such Note to the Redemption Date.

Payments at the office of any paying agent will be made by check drawn on a Bank in New York City or by transfer to a dollar account maintained by the payee with a bank in Europe.

Following this redemption, U.S. \$97,000,000 aggregate principal amount of Notes will remain outstanding.

PAYING AGENTS

- Morgan Guaranty Trust Company of New York
- Morgan House, 1 Angel Court London EC2R 7AE, England
- Morgan Guaranty Trust Company of New York
- Avenue des Arts 35 B-1040 Brussels, Belgium
- Union Bank of Switzerland
- Bahnstrasse 45 CH-8021 Zurich Switzerland
- Morgan Guaranty Trust Company of New York
- Mainzer Landstrasse 46 6000 Frankfurt-am-Main West Germany
- Amsterdam-Rotterdam Bank N.V.
- Herengracht 595 Amsterdam The Netherlands

THE PROCTER & GAMBLE COMPANY By: Morgan Guaranty Trust Company of New York, Fiscal and Paying Agent

Dated: February 27, 1986



Bayerische Vereinsbank change of address of London Branch effective 10th March, 1986

Bayerische Vereinsbank AG, London Branch 1, Royal Exchange Buildings, London EC3V 3LD Telephone (01) 626 1301 (general), (01) 283 4851 (dealing) Telex 889 196 bvl g (general), 881 3172 bvfx g (dealing) SWIFT: BVBE GB 2L

Bayerische Vereinsbank AG, Head Office Munich, International Division Kardinal-Faulhaber-Strasse 1, D-8000 München 2

BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

Notice of Redemption

Aetna Life and Casualty International Finance N.V.

Guaranteed Retractable Notes Due 1997

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of April 15, 1982 among Aetna Life and Casualty International Finance N.V., (the "Company"), Aetna Life and Casualty Company, (the "Guarantor") and The Chase Manhattan Bank (National Association) as Fiscal Agent and Paying Agent, all the above-mentioned Notes (the "Notes") will be redeemed on April 15, 1986 (the "Redemption Date") at the price of 100.00% of their principal amount, together with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the below listed paying agencies, together with all appurtenant coupons maturing subsequent to the Redemption Date. The amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes shall cease to accrue from and after the Redemption Date.

Payments will be made at any of the following paying agencies listed below:

The Chase Manhattan Bank, N.A. Corporate Sinking Fund Operations Box 2020, 1 New York Plaza-14th Floor New York, N.Y. 10081

The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street London, EC2P 2HD, England Attention: Securities Dept.

The Chase Manhattan Bank, S.A. (Luxembourg) 47 Boulevard Royal Luxembourgville, Luxembourg Attention: Securities Dept.

Banque de Commerce, S.A. 51/52 Avenue des Arts B-1040 Brussels, Belgium Attention: Securities Dept.

Chase Manhattan Bank (Switzerland) Genferstrasse 24, Postfach 182 8027 Zurich, Switzerland Attention: Securities Dept.

Aetna Life and Casualty International Finance N.V.

By The Chase Manhattan Bank (National Association), Fiscal Agent and American Paying Agent

Dated: February 28, 1986

US\$ 100 000 000.-

Credit Suisse Finance (Panama) S.A.

11 3/4% Guaranteed Notes, Series A, due 1992 and 100 000 Warrants to subscribe

US\$ 100 000 000.- 11 3/4% Guaranteed Notes, Series B, due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US\$ 10 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 10 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing US\$ 10 000 000 principal amount, are as follows:

Table of serial numbers for Series A notes, including columns for note number and principal amount.

Table of serial numbers for Series B notes, including columns for note number and principal amount.

Table of serial numbers for Series C notes, including columns for note number and principal amount.

APPOINTMENTS

Group treasurer for Shell

Mr M. Harvey, head of finance, investment and information division in the European region...

Mr Geoffrey Heywood is to retire as senior partner of DUNCAN C. FRASER & CO on April 30.

Mr N. P. E. Webster has been appointed a director of WILLIAM BAIRD. He was a director and company secretary of Debenhams.

Mr Peter Wood Marshall, deputy chief executive and financial director of the Plessey Company, has joined the board of OCEAN TRANSPORT & TRADING as a non-executive director.

Mr Alan Cumming has been appointed executive vice chairman of the WOOLWICH BUILDING SOCIETY.

Mr Ian Bacon and Mr Jeremy Burchell have been appointed managing directors of PROTECH INTERNATIONAL (UK).

Mr Stuart Fowler and Mr Roy Gillson have been appointed to the board of HILL SAMUEL INVESTMENT MANAGEMENT.

At the meeting of the council of the BARRING HOLDERS ASSOCIATION held on March 5 the president, Count Alain de Voglie, retired on completion of his year of office.

Mr F. R. Ball has been appointed managing director of SAACK UK company of West German combustion and energy group.

Mr Stuart Fowler and Mr Roy Gillson have been appointed to the board of HILL SAMUEL INVESTMENT MANAGEMENT.

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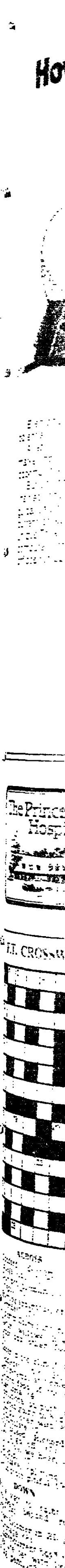
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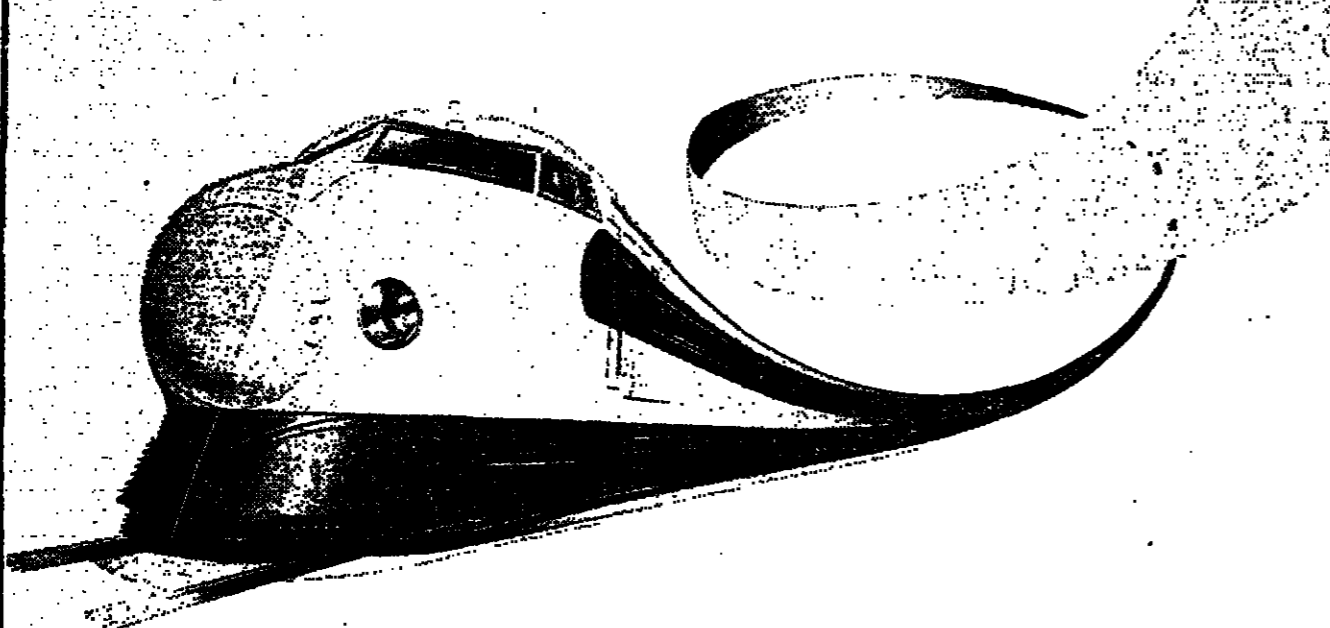
At the meeting of the council of the BARRING HOLDERS ASSOCIATION held on March 5 the president, Count Alain de Voglie, retired on completion of his year of office.

CROSSLAND SAVINGS, FSB U.S.\$100,000 Collateralized Floating Rate Notes, Series A due December 1997



Handwritten note at the top of the page.

How to unravel the Japanese market faster than a speeding bullet.



Everyone recognizes the exciting investment potential of Japan's stable and active economy. A lack of first-hand knowledge of this vibrant market, however, may result in a clouding of opportunities. But one thing is clear — Yamaichi, through their age and experience, offer the most effective guidance possible. With rapid evaluation of current developments. Obtainable through our unique Total Information Service (TIS), an on-line computer network, linking you with our global offices for up-to-the-minute data.

We also offer a creative use of surplus yen funds through our innovative Automatic Cash Management System (ACS), as part of our total and tailored investment service. Available at the touch of a button. So get on the right track with Yamaichi, today. After all, good news travels fast.

Founded in 1987, Yamaichi currently employ 8,000 personnel worldwide. With total assets in excess of 1,200 billion yen.

YAMAICHI YAMAICHI SECURITIES CO., LTD.

Head Office: Tokyo, Japan Tel: 03-276-3181 Telex: J22955 Yamaichi International (Europe) Limited: Tel: 01-438-5599 Telex: 837414/B Yamaichi International (Netherlands) NV: Tel: 020-242456 Telex: 157724/Y Yamaichi International (Deutschland) GmbH: Tel: 069-71020 Telex: 414996/7 Yamaichi Franco S.A.: Tel: 01-4256-3240 Telex: 690866 Yamaichi (Switzerland) Ltd.: Tel: 01-202-8484 Telex: 815420/T Yamaichi (Switzerland) Ltd. Geneva Branch: Tel: 022-324555 Telex: 422711

New York, Los Angeles, Chicago, Montreal, Bahrain, Hong Kong, Singapore, Sydney, Melbourne, Seoul, Beijing.

Company Notices

NOTICE

THE HOLDERS OF 5% DEBENTURES 1978-1987 OF THE DEAD SEA WORKS LIMITED

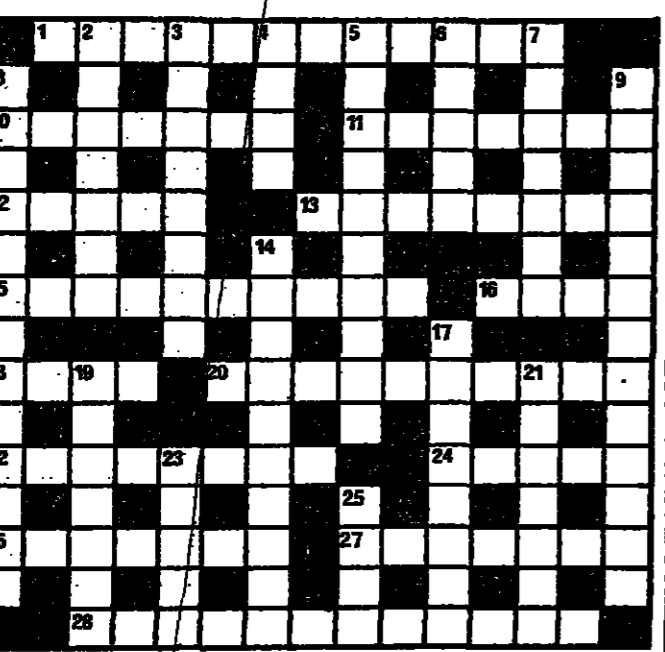
Notice is hereby given that in the drawing held on the 27th day of February 1986 under the supervision of the trustees, debentures of group 5 were drawn for redemption on the 31st day of March 1986. Repayment to the holders of bearer certificates of this group will be made by the Dead Sea Works Ltd against presentation of the debenture certificate(s) and interest coupon No. 20, to Bank Leumi Le Israel B.M. P.O. Box 2, Tel-Aviv 61000 Israel. Repayment to the holders of registered certificates of this group will be made by them of the certificate(s) at P.O. Box 29452 Tel-Aviv 61293 Israel.

Bank Leumi Le Israel Trust Company Ltd as Trustees bank leumi תאגיד תמ"ב

HARMONY GOLD MINING COMPANY LIMITED (Incorporated in the Republic of South Africa) Registration No. 05/5232/206 A Member of the Anglo American Group

THE MITSUBISHI BANK, LTD U.S.\$100,000,000 CONVERTIBLE DUE 2000

F.T. CROSSWORD PUZZLE No. 5,966



- 1 Standard delivery from college side (6, 7)
2 Thick wad to paint over motorway, beyond roundabout (7)
3 Showy bloomer in RU game scrummage (8)
4 Counter-current boy? (4)
5 Hugo use set with licence, having pension? (5-5)
6 Lay oneself open to semi-raids? (5)
7 Sultry chief desperado (7)
8 Off-quotation? (8-5)
9 Nurses harping about means of making cutbacks on beds (7-6)
10 Scale of C is replacing it (10)
11 Having no rulers, given carte blanche (8)
12 Lying in hut, turn over? (7)
13 A sore head in university can be hell? (7)
14 Larist made from tiara (5)
15 A pitcher, we hear, on the platform (4)
16 Lay oneself open to semi-raids? (5)
17 Sultry chief desperado (7)
18 Off-quotation? (8-5)
19 Nurses harping about means of making cutbacks on beds (7-6)
20 Scale of C is replacing it (10)
21 Having no rulers, given carte blanche (8)
22 Lying in hut, turn over? (7)
23 A sore head in university can be hell? (7)
24 Larist made from tiara (5)
25 A pitcher, we hear, on the platform (4)

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts, their managers, and performance data. Includes sections for 'AUTHORIZED UNIT TRUSTS', 'BANKING UNIT TRUSTS', 'LEGAL & GENERAL UNIT TRUSTS', etc.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including unit trusts and insurance policies, with columns for company names, product names, and numerical values.

Table listing 'Manufacturers Life Insurance Co (UK) - Contd' and 'Property Growth Assur Co Ltd - Contd', detailing specific insurance and investment products.

INSURANCES

Table listing various insurance companies and their products, such as 'AA Friendly Society' and 'Abbey Life Assurance Co Ltd'.

INSURANCE, OVERSEAS & MONEY FUNDS

Main table containing financial data for various insurance, overseas, and money funds. Columns include fund names, codes, and numerical values.

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

Table of 3-month call rates for various banks and locations.

COMMODITIES AND AGRICULTURE

US halves farm export bonus fund

By Nancy Dunne in Washington

THE CONTROVERSIAL American agricultural export subsidy programme, designed to undercut EEC farm prices in the Middle East and North African markets, became a casualty of deficit reduction in Senate legislation approved on Wednesday night.

Funding for the three-year \$2bn programme, which gave exporters crop bonuses from government stocks, was cut in half so that money could be made available for other programmes.

In addition, the House passed an emergency \$5bn appropriation to replenish the Commodity Credit Corporation, which makes loans and finances surplus food purchases.

The CCC is out of money, and a new surge in demand was expected yesterday when farmers were scheduled to sign for acreage reduction and income support schemes. Under the law they are eligible for immediate subsidy payments when they sign up.

The Senate, while agreeing to the \$5bn appropriation, added other provisions to the Bill which the House may not agree. It exempted price supports for dairy farmers from cuts under the Gramm-Rudman deficit reduction legislation, and it provided crop subsidies for farmers whose acreage reductions are reduced because of a new formula for calculating crop yields.

The Senate also changed the A provision in the 1983 Farm Act which allowed farmers who remove land from grain production to plant unsubsidised crops like vegetables and sugar beets. Growers of such crops complained that their markets would be gutted.

The American Farm Bureau Federation (AFBF) has proposed a farm debt restructuring package that would include farm lenders allowing farmers to pay interest as low as 2 per cent on a portion of their debt, reports the AFBF.

AFBF president Mr Dean Kleckner said the group their plan to Federal Reserve Chairman Mr Paul Volker, Treasury Secretary Mr James Baker, and Mr Frank Taylor.

The plan would need a regulatory change so that the low-interest portion of the farmers' debt would not be classified against the capital of the lending institution.

Under the two-tier plan, the banker would ask normal servicing on a portion of the farmer's debt on which he determines the farmer can make full principal and interest payments. On the other portion, the banker would ask no principal payment but an interest payment of 2 to 3 per cent.

Queensland to ban strikes in export industries

By Patricia Newby in Melbourne

THE STATE Government of Queensland, Australia, is to outlaw industrial action affecting export industries following a rash of strikes in the mining, coal and sugar industries over the past 12 months.

The move, unprecedented by either the Federal Government or any of the other Australian states, follows the introduction last year of draconian industrial legislation which makes strikes by workers in essential services illegal.

The State Minister for Industrial Affairs, Mr Vince Lester, told the Queensland Legislative Assembly in Brisbane yesterday that the State Government was prepared to get tough with unions which disrupt export industries.

The cane growers, who are in dire financial straits, have complained that the Queensland Government's industrial legislation has cost them \$10m in lost exports because of strikes at sugar mills.

Earlier this week Mr Lester introduced into the Queensland Parliament new clauses to the Essential Services Legislation, the Industrial (Commercial Practices) Act, including a provision for fines of up to \$250,000 for unions which impede export trade by industrial action.

The provisions would give the government the right to take out court injunctions against the unions if interstate or overseas

trade were affected by strikes. The new laws are also clearly aimed at coal miners who staged a one week strike in support of pay claims last month and are threatening further stoppages this month.

Mr Lester told sugar producers yesterday that he was prepared to introduce further specific legislation for the sugar industry if necessary.

The new clauses widen the powers of the controversial legislation introduced last year to forbid strikes in essential services. At the time observers did not believe the laws would be enforceable—but the Queensland National Party Government, headed by the tough veteran politician Sir Johannes Bjelke-Petersen, met the power unions head on. When the power workers went on strike the government sacked them and has refused to reinstate them in spite of enormous outcry from the union movement and a great deal of public sympathy for the unions in other states. Many of the sacked power workers are still unemployed.

Whether Sir Johannes would be equally successful in an all out battle with, say, the coal miners, remains to be seen. The government does not directly employ most of the workers in export industries so it would be up to the employers to take the matter to court and many employers would be afraid of

escalating disputes. The Queensland Trades and Labour Council (TLC) has attacked the move saying the laws would affect most of the state's work force. The TLC general secretary, Mr Ray Dempsey, said the proposals effectively banned all industrial action, including strikes, bans, go-slows, working to rule or any variation of a normal work pattern in all areas generating external trade.

The Queensland Government is facing an election this year and cynics see the new move as an election ploy to exploit the known hostility to unions by the Queensland public.

The report from the Sugar Board, the statutory authority which regulates the industry, made depressing reading for the delegates to the Cane Growers' Association meeting in Brisbane last week. The board estimates that the total revenue from sugar for the 12 months to June 30 will be down \$A100m to \$A700m.

The board pointed out that by 1983 all of Australia's long term contracts for sugar sales would have ended and were unlikely to be renegotiated. Thus growers would become even more vulnerable to world spot prices.

In 1983 nearly 50 per cent of total sugar sales were covered by long term contracts and that figure has been steadily declining as contracts are not being renegotiated.

Time-stamping worries traders

By Andrew Gowers in Boca Raton, Florida

INTENSIVE NEGOTIATIONS are under way between the US futures exchanges and the Commodity Futures Trading Commission over how to implement an exact time-stamping rule for trading in grain, oil and other commodities. The rule would require traders to time-stamp their orders to the nearest second, a move which would speed up the clearing of orders and reduce the risk of market manipulation.

The Chicago Board of Trade and the Mercantile Exchange have now proposed setting up what they call a computerised trade reconstruction system. This, they say, would pinpoint an exact transaction time for each trade and allow them to check for irregularities. At present, the exchanges do not record trade times within a half-hour time frame.

The exchanges, which have until July to announce how they plan to put the rule into

practice, have complained loudly about it, claiming that it threatens to stifle market liquidity. Their fear is that the CFTC will require individual dealers to write down the time of each trade on trading cards, thus slowing down market activity. The CFTC, which left the exchanges free to decide how to implement the rule, denies this is its intention.

The Chicago Board of Trade and the Mercantile Exchange have now proposed setting up what they call a computerised trade reconstruction system. This, they say, would pinpoint an exact transaction time for each trade and allow them to check for irregularities. At present, the exchanges do not record trade times within a half-hour time frame.

CFTC officials have told the exchanges that they are prepared to consider these proposals, although they still have doubts about the likely accu-

racy or completeness of the records which the system would provide, particularly on floor trade.

The exchanges have also been mounting a vigorous lobbying effort in Congress, which is currently considering whether to renew the CFTC's mandate. They want an indication in principle that their proposed system conforms with the CFTC rules before going ahead with it; however, the Commission wants empirical proof that it would be effective before fully endorsing it.

The audit trail issue seems for the moment to have overshadowed another major bone of contention between the exchanges and the CFTC, concerning a proposed increase in traders' capital requirements. The deadline for consultations on this question has now been extended again until April 4, to give the exchanges more time to prepare their response.

The postponement comes amid signs of new flexibility in the Commission's approach. "The Commission remains interested in exploring reasonable alternatives to its proposals," it said last Friday.

EEC faces grain market upheaval

By John Buckley

ADOPTION OF THE EEC cereal regime by Spain and Portugal from March 1 promises the European grain market its biggest upheaval since Britain joined the Community, more than a decade ago. Accession will also hit the Iberian countries' present third country suppliers, especially the US which now faces the loss of its largest European maize market.

The evidence for this is already abundant. Ten years ago, the EEC bought up to 20m tonnes of US and Argentine maize. But by 1984-85 this was down to 3.5m tonnes. Imports for feed use have been wiped out and remaining industrial outlets are fading as a variety of measures are used to encourage replacement with surplus EEC wheat.

Spain's huge increase in barley production has enabled it to embark on a similar process of substitution well before accession. Maize imports fell from 5.2m tonnes in 1981-82 to 3.4m in 1984-85 and could be down to 2.5m tonnes in 1985-86. Imports of sorghum—a maize substitute—have declined from 1.5m to 300,000 tonnes.

The trend can only accelerate from this month as punitive EEC import levies cause the landed price to rocket. (Tariffs protect Community maize at almost double the US price on which Spain has hitherto paid only 30 per cent duty). Last-minute US pleas for the postponement of the EEC levy fell on deaf ears, however, and an ensuing US claim for compensation now seems certain. Meanwhile, Spanish importers have been doubling up on maize shipments over the past few months in a last gasp to beat the levy.

Spain's own maize crop rose last year by 700,000 to 2.2m tonnes but with higher consumption a deficit persists of at least 2m tonnes. The maize area must as a 5 per cent discount on Spanish against EEC farm prices is levelled over the seven years of transition.

France, the Community's largest maize supplier, is unable to expand output in the short term. Spain is widely forecast to turn to EEC feed-wheat (particularly during drought years). However, some UK trade experts are worried

undercut EEC barley and Third country maize in past months have proved a strain on the Spanish treasury. Multi-national shippers meanwhile complain of the grindingly slow system of paperwork required to approve the financing of "optional European origin" export falls filled by Spanish barley.

Food users in the Spanish market have also complained of taking second place to export customers in the post harvest rush to fill vessels last year. Forecasts that the 1986 crop

may be reduced by drought at planting time must be giving the Government further cause to consider short term export restraint in preference to renewed high imports.

Spain should, in theory, find it difficult to undercut her fellow EEC exporters. During price alignment, accessionary compensatory amounts (ACAs) will bridge the gap between Spanish and other EEC members' intervention prices, acting as subsidies on EEC exports to Spain and levies on exports from Spain to EEC. When Spain competes directly with other EEC countries for third country markets at lower export prices, her export subsidies are reduced by the amount of the ACA, bringing them closer into line with the EEC offer. Spain's southern ports do have a Mid-East freight advantage of several dollars a tonne over her northern Community competitors, however.

Portugal too is likely to substitute more feedwheat for

maize, imports of which have almost halved in the last four years. The trend will be speeded up by the high import duties around Lisbon offering a prime target for cheap French wheat shipped out of Bordeaux.

Portuguese usage of Community wheat will also be further encouraged by a ruling that a minimum 15 per cent of her annual imports must come from the EEC. Bids from the Community to supply the remaining 85 per cent will also be subject to a corrective, making them equal to third country offers, then given a further EEC preference in favour of their competitors successfully. US exporters fear this may further erode a 500,000 tonne market in US exports of hard red winter wheat. Substitution may be slowed by US rebate offers for accession. However, it is possible that other EEC suppliers will ultimately collect a combined Iberian need for up to 4m tonnes of wheat currently filled by third country coarse grains.

Portugal's ten-year and Spain's seven-year transition periods will ensure some of the trade implications of accession will not be felt immediately. Nevertheless there is evidence that sectors of the Spanish farm trade are unprepared for the more immediate shocks of higher feed prices.

This situation was recognised by the Spanish authorities late last year with the imposition of a temporary ban on the issue of coarse grain import licences. As an unofficial dress rehearsal for accession, this move sent a ripple of alarm through the US export trade which, having braced itself for the loss of its Iberian markets as accession took effect, realised that timescale was unduly optimistic.

The import stunt also created alarm in the Spanish feed trade as internal prices threatened to soar. Clearly, Spanish consumers have yet to appreciate the lesson of the EEC's "corn/horn" inequities. But then Britain can hardly claim to have come to terms with their perverse logic—even a decade after accession.

Previous articles in this series appeared on February 29 and March 5.



LONDON MARKETS

SUGAR VALUES on the London futures market eased but further from recent highs yesterday under the influence of a lower New York market and a bearish report published by E. O. Licht, the West German sugar statistics agency. Licht said expectations that low world sugar prices would result in a cut in European beet plantings this year are likely to be disappointed. In its "first crude approximation" of 1982-83 prospects it put total European plantings at 7.22m hectares, up from 7.29m in 1982-83. The EEC figure is projected at 1.87m hectares, down from 1.86m, but in the rest of Western Europe beet plantings are forecast to be planted, up from 25.09m. The main rise, however, is seen in Eastern Europe, which is largely unresponsive to changes in world prices. The total for that area is put at 4.86m hectares, up from 4.78m in 1982-83.

LowE prices supplied by Amalgamated Metal Trading.

INDICES FINANCIAL TIMES

Mar. 6 Mar. 5 Mar. 4 Mar. 3

(Base: July 1982=100)

REUTERS
Mar. 6 Mar. 5 Mar. 4 Mar. 3
1823.6 1824.5 1849.8 2030.9
1823.6 1824.5 1849.8 2030.9

DOV JONES
Mar. 6 Mar. 5 Mar. 4 Mar. 3
122.54 122.55 117.02
122.54 122.55 117.02

(Base: December 31 1971=100)
Not available due to suspension of the LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

Mar. 6 + or - Mar. 5 + or - Mar. 4 + or - Mar. 3 + or -

Aluminium: 1815.275 +10 1816.200

Cash 1815.275 +10 1816.200

3 months 1815.275 +10 1816.200

Official closing (am): Cash 780.5-1 (770.0-5), three months 817.5 (805.0-5), settlement 791 (780.5). Final Kerb close: 811-2.

Turnover: 18,000 tonnes.

COPPER

Higher grade Unofficial + or - High/Low

Cash 1986.5-9-11.25 -97.5

3 months 1907.8 -1-12.25 1910.25

Official closing (am): Cash 361-5 (377.5-5), three months 317.5 (305.0-5), settlement 281.5 (277.5). Final Kerb close: 1003-4.

3 months 982.5 +9.0 987.087

3 months 1005-8 +1.5 1009.1000

Official closing (am): Cash 877-5 (872-5), three months 1000-2 (987-9), settlement 975 (965.0-5). Final Kerb close: 2820-1.

Turnover: 28,200 tonnes. US Producer prices 95.00-110.00 cents per pound.

LEAD

Unofficial + or - High/Low

Cash 251.5-8 -1.25 252.5252

3 months 251.5-8 -1.25 252.5252

Official closing (am): Cash 252-5 (251.5-5), three months 260-5 (258-7), settlement 252 (251.5). Final Kerb close: 260-1.

Turnover: 14,200 tonnes. US Spot: 16.00-20.00 cents per pound.

NICKEL

Unofficial + or - High/Low

Cash 2945.0 -5.0 2950.0298

3 months 2915-29 +17.5 2942.029

Official closing (am): Cash 2950-7 (2920-5), three months 2940-5 (2880-7), settlement 270 (258). Final Kerb close: 2925-3.

Turnover: 1,770 tonnes.

TIN

Kuala Lumpur Tin Market—Close

20.54 ringgit per kg, down 45 cents per ringgit.

High/Low

Mar. 6 1505-1506 +13.0 1505-1506

Mar. 5 1520-1521 +13.0 1520-1521

Mar. 4 1535-1536 +13.0 1535-1536

Mar. 3 1550-1551 +13.0 1550-1551

Mar. 2 1565-1566 +13.0 1565-1566

Mar. 1 1580-1581 +13.0 1580-1581

Mar. 31 1595-1596 +13.0 1595-1596

Mar. 30 1610-1611 +13.0 1610-1611

Mar. 29 1625-1626 +13.0 1625-1626

Mar. 28 1640-1641 +13.0 1640-1641

Mar. 27 1655-1656 +13.0 1655-1656

Mar. 26 1670-1671 +13.0 1670-1671

Mar. 25 1685-1686 +13.0 1685-1686

Mar. 24 1700-1701 +13.0 1700-1701

Mar. 23 1715-1716 +13.0 1715-1716

Mar. 22 1730-1731 +13.0 1730-1731

Mar. 21 1745-1746 +13.0 1745-1746

Mar. 20 1760-1761 +13.0 1760-1761

Mar. 19 1775-1776 +13.0 1775-1776

Mar. 18 1790-1791 +13.0 1790-1791

Mar. 17 1805-1806 +13.0 1805-1806

Mar. 16 1820-1821 +13.0 1820-1821

Mar. 15 1835-1836 +13.0 1835-1836

Mar. 14 1850-1851 +13.0 1850-1851

Mar. 13 1865-1866 +13.0 1865-1866

Mar. 12 1880-1881 +13.0 1880-1881

Mar. 11 1895-1896 +13.0 1895-1896

Mar. 10 1910-1911 +13.0 1910-1911

Mar. 9 1925-1926 +13.0 1925-1926

Mar. 8 1940-1941 +13.0 1940-1941

Mar. 7 1955-1956 +13.0 1955-1956

Mar. 6 1970-1971 +13.0 1970-1971

Mar. 5 1985-1986 +13.0 1985-1986

Mar. 4 2000-2001 +13.0 2000-2001

Mar. 3 2015-2016 +13.0 2015-2016

Mar. 2 2030-2031 +13.0 2030-2031

Mar. 1 2045-2046 +13.0 2045-2046

Mar. 31 2060-2061 +13.0 2060-2061

Mar. 30 2075-2076 +13.0 2075-2076

Mar. 29 2090-2091 +13.0 2090-2091

Mar. 28 2105-2106 +13.0 2105-2106

Mar. 27 2120-2121 +13.0 2120-2121

Mar. 26 2135-2136 +13.0 2135-2136

Mar. 25 2150-2151 +13.0 2150-2151

Mar. 24 2165-2166 +13.0 2165-2166

Mar. 23 2180-2181 +13.0 2180-2181

Mar. 22 2195-2196 +13.0 2195-2196

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Mar. 20 2225-2226 +13.0 2225-2226

Mar. 19 2240-2241 +13.0 2240-2241

Mar. 18 2255-2256 +13.0 2255-2256

Mar. 17 2270-2271 +13.0 2270-2271

Mar. 16 2285-2286 +13.0 2285-2286

Mar. 15 2300-2301 +13.0 2300-2301

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Mar. 31 2990-2991 +13.0 2990-2991

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Mar. 23 3110-3111 +13.0 3110-3111

Mar. 22 3125-3126 +13.0 3125-3126

Mar. 21 3140-3141 +13.0 3140-3141

Mar. 20 3155-3156 +13.0 3155-3156

Mar. 19 3170-3171 +13.0 3170-3171

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Mar. 11 3290-3291 +13.0 3290-3291

Mar. 10 3305-3306 +13.0 3305-3306

Mar. 9 3320-3321 +13.0 3320-3321

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Mar. 16 4145-4146 +13.0 4145-4146

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Mar. 14 4175-4176 +13.0 4175-4176

Mar. 13 4190-4191 +13.0 4190-4191

Mar. 12 4205-4206 +13.0 4205-4206

Mar. 11 4220-4221 +13.0 4220-4221

Mar. 10 4235-4236 +13.0 4235-4236

Mar. 9 4250-4251 +13.0

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty depresses dollar

The dollar finished towards the lower end of the day's range in rather nervous trading. A half-point cut in the West German discount rate had been expected and this was reflected in Wednesday's strong improvement by the dollar against the D-mark. However, the implications of a sharp reaction from West Germany through a cut in the US discount rate had a more sobering effect and speculators took the opportunity to take profits.

£ IN NEW YORK

The dollar finished in a narrow range in Tokyo yesterday as the market waited to see if West German and Japanese interest rates were to be reduced. The dollar finished below its New York closing level but was up from a low of ¥150.50 and ¥179.30 at ¥180.55. It had finished in New York at ¥181.20.

FINANCIAL FUTURES

US bond record

Trading was at a record level in US Treasury bonds on the London International Financial Futures Exchange yesterday, with turnover of \$14,500 contracts. June delivery opened firm at 95-11, in spite of overnight weakness in Chicago, where bonds finished limit down.

LONDON

Table with columns: 20-YEAR 12% NOTIONAL GILT, 10% NATIONAL SHORT GILT, 10% NATIONAL SHORT GILT, 10% NATIONAL SHORT GILT. Includes bid, offer, and price columns.

CHICAGO

Table with columns: US TREASURY BONDS (CBT), US TREASURY BONDS (IMM), US TREASURY BONDS (IMM), US TREASURY BONDS (IMM). Includes bid, offer, and price columns.

Table with columns: 10% NATIONAL SHORT GILT, 10% NATIONAL SHORT GILT, 10% NATIONAL SHORT GILT, 10% NATIONAL SHORT GILT. Includes bid, offer, and price columns.

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AIRSHIP INDUSTRIES LIMITED. Underwritten Placement by JACKSONS LIMITED. of 22,402,000 ordinary shares at 35p each, in Europe and Australia completed in October 1985.

Rouse Woodstock CAPITAL MARKETS DIVISION. Invites you to a Conference on The Elliott Wave Theory presented by Robert R. Prechter. 9.00 am - 12.30 pm, Wednesday 9th April.

Art Galleries. AGNES GALLERY, 43, Old Bond St., W1. INCL. DRAWINGS AND PRINTS. W1. Tel: 01-262 8570.

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes US, Canada, UK, France, Germany, Japan, etc.

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes UK, Ireland, Denmark, Germany, France, Sweden, Norway, Japan, etc.

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes UK, Ireland, Denmark, Germany, France, Sweden, Norway, Japan, etc.

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes UK, Ireland, Denmark, Germany, France, Sweden, Norway, Japan, etc.

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Table with columns: Day's spread, Close, One month, Three months, Six months. Includes UK, Ireland, Denmark, Germany, France, Sweden, Norway, Japan, etc.

Table with columns: Mar. 6, Bank of England, Morgan Guaranty. Includes Sterling, US dollar, Canadian dollar, etc.

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Table with columns: Mar. 6, Bank of England, Morgan Guaranty. Includes Sterling, US dollar, Canadian dollar, etc.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes Afghanistan, Albania, Algeria, etc.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes Argentina, Armenia, Australia, etc.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes Austria, Belgium, Benin, etc.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes Bolivia, Botswana, Brazil, etc.

German discount rate cut to 3.5%

The West German Bundesbank cut its discount rate to 3.5 per cent from 4 per cent last week. The move was expected and the Lombard rate at 5.5 per cent at yesterday's council meeting. The rate on three-day Treasury bills was reduced to a record low of 4 per cent from 4.5 per cent. In order to prevent an expansion in bank liquidity when minimum reserve requirements are reduced, the Bank of Germany announced on May 1, rediscount quotas at the Bundesbank will be cut by DM 5bn on the same date.

In London the three-month interbank rate fell to 12 1/2-12 3/4 per cent from 12 1/2-12 3/4 per cent. The Bank of England initially forecast a money market shortage of £900m, but changed this to £1,000m at noon, and to £1,150m in the afternoon. Total help of £1,050m was provided. The amount of bills bought outright was £452m, all in bands 1 and 2 at unchanged rate of 12 1/2 per cent and 12 3/4 per cent respectively. Another £237m bills were purchased for resale to the market on March 25, at 12 1/2-12 3/4 per cent. Late assistance of around £265m was also provided.

NEW YORK RATES

Table with columns: Prime rate, Broker loan rate, Fed funds, Fed funds at intervention, Treasury Bills & Bonds, etc.

FT LONDON INTERBANK FIXING

Table with columns: Three months US dollars, Six months US dollars, Five reference banks at 11 am each working day.

LONDON MONEY RATES

Table with columns: Mar. 6, Over night, One month, Two months, Three months, Six months, One year.

MONEY RATES

Table with columns: Mar. 6, Frankfurt, Paris, Amsterdam, Tokyo, Brussels, Dublin.

Long-term Eurodollars: two years 7 3/4-8 1/4 per cent; three years 8 1/4-9 per cent; four years 8 1/4-9 per cent; five years 8 1/4-9 per cent. Short-term rates are all for US dollars and Japanese Yen; others, two days' notice.

WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, March 5, 1986. The exchange rates listed are based on the London market and are subject to change.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes Afghanistan, Albania, Algeria, Argentina, Armenia, Australia, etc.

Bank Bills (sell): one-month 12 1/2 per cent; three-months 11 1/2 per cent. Bank Bills (buy): one-month 12 1/2 per cent; three-months 11 1/2 per cent. Treasury Bills: one-month 12 1/2 per cent; three-months 11 1/2 per cent; six-months 11 1/2 per cent; one-year 10 1/2 per cent. Discount rate: 3.5 per cent. Lombard rate: 5.5 per cent. Fed funds: 7 1/2 per cent. Fed funds at intervention: 7 1/2 per cent.

BRITISH FUNDS

Table listing various British funds with columns for Name, Price, and Yield. Includes sub-sections for 'Shorts (Lives up to Five Years)' and 'Five to Fifteen Years'.

Over Fifteen Years

Table listing British funds with over 15 years of history, including names like 'Fidelity' and 'Investment'.

Index-Linked

Table listing index-linked British funds, such as 'Index-Linked' and 'Index-Linked Plus'.

INT. BANK AND OSEAS. GOK STERLING ISSUES

Table listing international bank and overseas sterling issues, including 'Bank of America' and 'Citibank'.

CORPORATION LOANS

Table listing various corporation loans from different companies.

COMMONWEALTH & AFRICAN LOANS

Table listing loans from Commonwealth and African countries.

LOANS

Table listing various types of loans, including 'Building Societies' and 'Hire Purchase, Leasing, etc.'.

Public and Ind. Financial

Table listing public and industrial financial instruments.

AMERICANS—Cont.

Table listing American stocks, including 'A.M.C. Corp.', 'Amgen', and 'Amstar'.

CANADIANS

Table listing Canadian stocks, including 'Alcan' and 'Barrick'.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies.

BEERS, WINES & SPIRITS

Table listing stocks in the beer, wine, and spirits industry.

BUILDING, TIMBER, ROADS

Table listing stocks in the building, timber, and roads sectors.

AMERICANS

Table listing American stocks, including 'Amgen' and 'Amstar'.

BUILDING, TIMBER, ROADS

Table listing stocks in the building, timber, and roads sectors.

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Table listing American stocks, including 'Amgen' and 'Amstar'.

BUILDING, TIMBER, ROADS

Table listing stocks in the building, timber, and roads sectors.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

Table listing building, timber, and roads stocks, including 'Amgen' and 'Amstar'.

DRAPERY & STORES—Cont.

Table listing drapery and stores stocks, including 'Amgen' and 'Amstar'.

ELECTRICALS

Table listing electrical stocks, including 'Amgen' and 'Amstar'.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks, including 'Amgen' and 'Amstar'.

DRAPERY AND STORES

Table listing drapery and stores stocks, including 'Amgen' and 'Amstar'.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other stocks, including 'Amgen' and 'Amstar'.

HOTELS AND CATERERS

Table listing hotel and catering stocks, including 'Amgen' and 'Amstar'.

ENGINEERING

Table listing engineering stocks, including 'Amgen' and 'Amstar'.

INDUSTRIALS—Continued

Table listing industrial stocks, including 'Amgen' and 'Amstar'.

ENGINEERING—Continued

Table listing engineering stocks, including 'Amgen' and 'Amstar'.

INDUSTRIALS—Continued

Table listing industrial stocks, including 'Amgen' and 'Amstar'.

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Table listing industrial stocks, including 'Amgen' and 'Amstar'.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Industrials, Leisures, Property, and Investments.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Finance, Land, and Overseas Traders.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Mines, Diamonds and Platinum, and Central African.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Finance, Land, and Overseas Traders.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Mines, Diamonds and Platinum, and Central African.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Insurance, Property, and Trusts, Finance, Land.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Tobacco, Finance, Land, and Overseas Traders.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Finance, Land, and Overseas Traders.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Mines, Diamonds and Platinum, and Central African.

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes sections for Finance, Land, and Overseas Traders.

Notes and regional & Irish stocks section. Includes text: 'Notes: Estimated annual earnings and dividends are based on latest available figures...' and 'Regional & Irish Stocks: A selection of regional and Irish stocks, the latter being quoted in sterling.'

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
*First Declared Last Account
Dealings Decls Dealings Day
Feb 24 Mar 6 Mar 7 Mar 17
Mar 10 Mar 26 Mar 27 Apr 7
Apr 1 Apr 10 Apr 11 Apr 21
Apr 1 New Year's trading may take
place from 8.30 am on two business days
earlier.

Interest rate hopes inspire Gilts
Equities consolidate recent gains

The imposition of a "windfall"
profits tax in the forthcoming
Budget. NatWest closed 6 down
at 780p, after 725p, while Lloyds
softened a few pence at 528p,
after 525p. Midland also gave up
3 at 478p, after 475p, following
comment on the preliminary
figures. Elsewhere, Standard
Chartered revived strongly as
speculative buying fuelled by
vague rumours of a bid from
Hong Kong and Shanghai Bank
lifted the shares 25 to 522p.

Commercial Union touched a
new peak of 291p following
press comment on the results
and a broker's profits upgrading
before closing at 284p, up 1p
at 283p. Midland Bank merger
rumours continued to surround
Prudential which firmed 6 more
to 855p, while Britannic added
2 1/2 to 209 1/2 and Sun Life
advanced 1 1/2 to 907p.

FINANCIAL TIMES STOCK INDICES
Mar. 6 Mar. 5 Mar. 4 Mar. 3 Mar. 2 Mar. 1 year ago

HIGHS AND LOWS
1985/86 Since Completion
Govt. Secs. 86.39 78.08 127.4 68.18 179.6 304.7

disappointing business. Stores-
house dipped 8 to 288p, as did
Gussies A at 875p. Secondary
counters, in contrast, responded
to revived speculative demand.

industrials fluctuated within
fairly narrow limits setting with
mixed movements on the day.
However, Reckitt and Colman
were noteworthy for a gain of
21 pence to 175p, after 154p,
with BOC ending 5 to the good at
359p, and BTR a similar amount
dearer at 448p.

RECENT ISSUES

EQUITIES
Issue Amount
1985/6 Stock

FIXED INTEREST STOCKS
Issue Amount
1985/6 Stock

RIGHTS OFFERS
Issue Amount
1985/6 Stock

Barclays lower
Barclays concluded an alter-
ego impressive clearing bank
dividend season, reporting a 37
per cent jump in annual
earnings to £58.4m, which neverthe-
less failed to match most recent
optimistic estimates - one broking
house had forecast £58m - and
the shares rallied to 458p
on profit-taking before closing 13
down on balance at 488p. Other
clearers drifted lower, with
sentiment also a shade unsettled by
fears that the latest set of
bumper results could lead to

the wake of the results.
Apart from Vickers, which
dropped back 8 to 423p on profit-
taking, there was little of interest
in the Engineering leaders.
Hisco Charns, volatile recently
following an abortive bid
approach, rallied 12 to 332p,
while Next put on 9 to 250p.

weakness in LASMO, which
dropped 10 more to equal the
1955-86 low of 140p. Tricentral,
where the dividend is also
thought to be under threat, lost
5 to 115p. Ultramar, reporting
full-year figures on Wednesday,
gave up a similar amount to
207p, while Brittel ended the
day 5 cheaper at 175p. There
were numerous weak spots in
secondary Oils, especially
Lysander Petroleum, 8 down at
40p.

Renunciation date usually last day for despatch of stamp duty. Figures
based on prospectus estimates. Assumed dividend and yield. Forecasts
dividend cover on earnings updated by latest interim statement. N Dividend
based on latest interim earnings. P Forecast or estimated annualised dividend
cover. C Issued by tender. Offered
holders of ordinary shares as a "rights". If introduction, ** issued by way of
rights, cover based on previous year's earnings. † Issued by tender. Offered
holders of ordinary shares as a "rights". ‡ Issued in connection with
reorganisation, merger or takeover. § Allocation price. ¶ Unlisted securities
market. †† Deal in under Rule 536 (3). ††† Deal in under Rule 536 (3). ††††
Units comprising one New ordinary and one 5.5 per cent Conv.Red.Fin.

TRADITIONAL OPTIONS
First Last Last
Deal- Deal- Declara-
ings sent
ings tion
Mar 3 Mar 14 June 12 June 23
Mar 17 Apr 10 June 26 July
Apr 7 Apr 18 July 10 July 21
For rate indications see end of
Unit Trust Service.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times,
the Institute of Actuaries and the Faculty of Actuaries
EQUITY GROUPS
Thur Mar 6 1986

RECKITT & COLMAN UP

The chairman's cautious
remarks at the annual meeting
depressed Grand Metropolitan,
which dipped to 405p prior to
closing a net 10 off at 410p.
Most leading miscellaneous

RISES AND FALLS
YESTERDAY

Rises Falls Same
British Funds 76 20 17
Corpus Domus 36 3 42

NEW HIGHS AND
LOWS FOR 1985/6

BRITISH FUNDS (25)
NEW HIGHS (25)
NEW LOWS (19)

FIXED INTEREST

AVERAGE GROSS
REDEMPTION YIELDS
The Mar 6 The Mar 5 The Mar 4

YESTERDAY'S
ACTIVE STOCKS

Above average activity was noted in
the following stocks yesterday:
Closing Day's
price change

WEDNESDAY'S
ACTIVE STOCKS

Based on bargains recorded in Stock
Exchange Official List.

EUROPEAN OPTIONS EXCHANGE

Series Vol. May Last Vol. Aug. Last Vol. Nov. Last Stock

LONDON TRADED OPTIONS

CALLS PUTS
Option Apr. July Oct. Apr. July Oct.

* Opening index 1574.1; 10 am 1573.5; 11 am 1569.2; Noon 1568.2; 1 pm 1567.4; 2 pm 1568.0; 3 pm 1567.9; 3.30 pm 1567.5; 4 pm 1567.5.

† Flat yield. Highs and lows record, base rates, values and dividend changes are published in Saturday Issues. A new list of constituents
is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4A 3DF, view 15p, by post 25p.

Get you

WORLD STOCK MARKETS

Main table of world stock markets including sections for Austria, Germany, Norway, Australia, Japan, Canada, Hong Kong, Singapore, South Africa, Netherlands, and New York Dow Jones. Each section lists various stocks with their prices and changes.

OVER-THE-COUNTER Nasdaq national market. 2:30pm prices

Table of over-the-counter Nasdaq national market prices, listing various stocks and their current prices.

NYSE-Consolidated 1500 Actives table showing stock prices and changes for 1500 active NYSE stocks.

TORONTO MONTREAL Closing prices March 5 tables showing closing prices for Toronto and Montreal markets.

LONDON Chief price changes table showing price changes for various London-listed stocks.

Advertisement for 'It's attention to detail' featuring the Concorde hotel chain, highlighting service and amenities.

Advertisement for 'Get your News early in Stuttgart' promoting the delivery of the Financial Times newspaper.

Advertisement for 'For morning delivery of the FT in major business centers coast-to-coast, call 212-752-4500' with contact information for various cities.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, March 6

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for '12 Month' and 'Stock' prices.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 44' and 'BASEL/GENEVA/LAUSANNE/LUGANO/ZURICH SWITZERLAND'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'OVER-THE-COUNTER' and 'Nasdaq national market, 2.30pm prices'.

Prices at 3pm, March 6

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Continued on Page 43

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET Rate hopes return to centre stage

PROSPECTS for an early cut in the federal discount rate returned to the centre of the Wall Street stage yesterday after central bank rates were reduced in West Germany and other European countries...

oil, down 5% at \$24 in heavy trading, firmly denied any intentions to trim the dividend. But a firmer trend in Chicago oil futures helped Exxon steady to its overnight price of \$32.75.

feature takeover speculation. Eastern steamed at 8% after USAir made a routine filing in connection with Texas Air's planned acquisition of Eastern.

TOKYO Caution subsides at peaks

LARGE-CAPITAL electricity and financial stocks soared on expectations of another Bank of Japan discount rate cut in Tokyo yesterday and pushed the Nikkei stock average to above 13,900 for the first time...

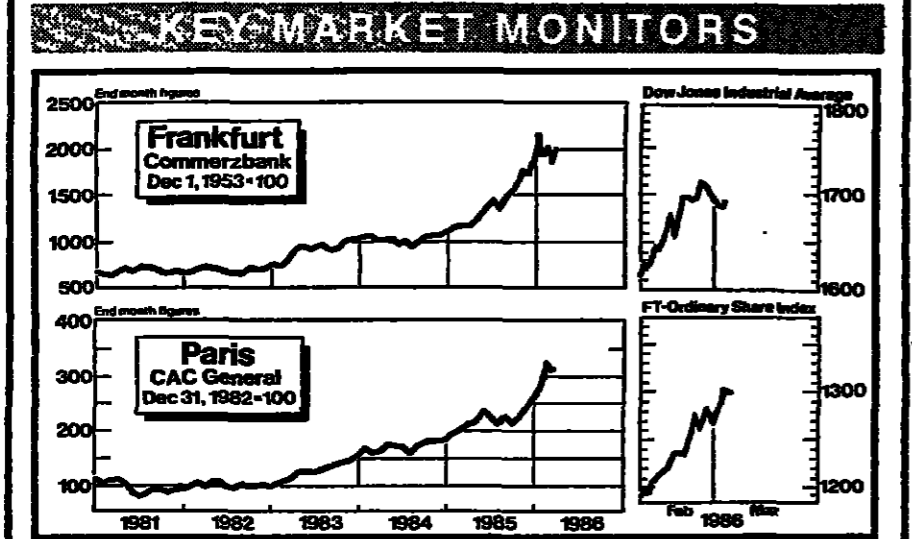
percentage point cut in its official discount rate to 4.5 per cent. Amsterdam continued its higher trend, bolstered by optimism on the rate cut...

EUROPE Bundesbank seizes the initiative

THE DECISION by the West German Bundesbank to cut its discount rate to 3.5 per cent from 4 per cent signalled falls in bank interest rates across the continent...

LONDON Emphasis switches to gilts

THE EMPHASIS switched in London yesterday from leading equities to government securities as interest rate optimism took a stronger hold after confirmation of the cut in the West German discount rate.



STOCK MARKET INDICES table with columns for Market, Date, Previous, and Year ago. Includes NY, LONDON, TOKYO, AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FRANCE, WEST GERMANY, HONG KONG, ITALY, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, and WORLD.

CURRENCIES table with columns for Currency, March 6, Previous, March 5, and Previous. Includes US DOLLAR, STERLING, EURO-CURRENCIES, INTEREST RATES, US BONDS, and FINANCIAL FUTURES.

HONG KONG ANNUAL RESULTS for Hongkong Land were the centrepiece of trading in Hong Kong, and the Hang Seng index added 4.18 to 1,688.51.

FT FINANCIAL TIMES CONFERENCES THE FOURTH MANUFACTURING AUTOMATION FORUM London, 14 & 15 April, 1986. The Financial Times Manufacturing Automation Forum is being arranged in London on 14 & 15 April, 1986 for the fourth time...

Vertical text on the far right edge of the page, including 'WOLFS HUG' and 'Agency'.